



**WASHINGTON STATE GAMBLING
COMMISSION MEETING**

July 20 & 21, 2023

Olympia, Washington

COMMISSIONERS



Alicia Levy
Chair



Julia Patterson
Vice Chair



Bud Sizemore

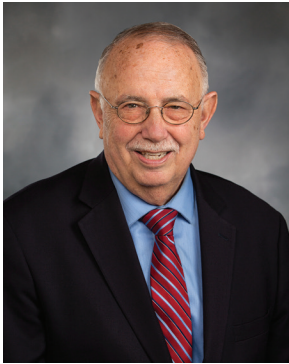


Sarah Lawson



Anders Ibsen

EX OFFICIOS



Senator
Steve Conway



Senator
Jeff Holy



Representative
Shelley Kloba



Representative
Skyler Rude



Washington State Gambling Commission

P.O. Box 42400 | Olympia, WA 98504-2400

(360) 486-3469 | (800) 345-2529 | www.wsgc.wa.gov



WAGamblingCommission



WAGambling



wagambling



STATE OF WASHINGTON

GAMBLING COMMISSION

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

Gambling Commission Meeting Agenda

July 20 & 21, 2023

The meeting will be held virtually through Teams, and in person, at The Washington State Liquor and Cannabis Board, 1025 Union Avenue SE, Olympia, Washington 98501

To join the meeting virtually through TEAMS Click [here](#)

The Chair may take items out of order and the Commissioners may take action on business items.

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

Thursday, July 20, 2023	
PUBLIC MEETING	
9:30 AM	<p>Call to Order <i>Alicia Levy, Chair</i></p>
Tab 1	<p>*Consent agenda (Action)</p> <ul style="list-style-type: none"> • May 11 & 12, 2023, Commission Meeting Pg. 6 • New Licenses & Class III Gaming Employees Pg. 23 • Manufacturer Report Pg. 51 • Major Sports Wagering Vendor Report Pg. 55 • HBCR List Pg. 58 <p><i>Public Comment</i></p> <p>Director’s Report Pg. 61</p> <p>2023-2028 Strategic Plan</p> <p style="text-align: right;"><i>Tina Griffin, Director</i></p>
Tab 2	<p>*Petition for Reconsideration (Action)</p> <p>Chanmalaty Touch, Case No. CR 2021-01221</p> <p style="text-align: right;"><i>Doug Van de Brake, Assistant Attorney General</i></p> <p style="text-align: right;"><i>Frank Huguenin and B. Jeffrey Carl, Attorneys for the Petitioner</i></p> <p>Potential Closed Session for Commission Deliberations</p>
Tab 3 Pg. 72	<p>Proposed Tribal Gaming Compact Amendment Hearing (Action)</p> <p style="text-align: center;"><i>The Honorable Ron Allen, Chairman, Jamestown S’Klallam Tribe</i></p> <p style="text-align: center;"><i>Greg Hitchcock, Vice Chair, Cowlitz Indian Tribe</i></p> <p style="text-align: center;"><i>The Honorable William Frank III, Chairman, Nisqually Indian Tribe</i></p> <p style="text-align: center;"><i>The Honorable Greg Abrahamson, Chair, Spokane Tribe</i></p> <p style="text-align: center;"><i>The Honorable Leonard Forsman, Chairman, Suquamish Tribe</i></p> <p style="text-align: right;"><i>Tina Griffin, Director</i></p> <p style="text-align: right;"><i>Julie Lies, Tribal Liaison</i></p> <p style="text-align: right;"><i>Jeanine Sugimoto, Special Agent</i></p> <p><i>Public Comment</i></p>
11:45-12:45 approximately	<p>Executive Session – Closed to the Public (Working Lunch)</p> <p>To discuss current and potential agency litigation with legal counsel, including tribal negotiations.</p>

<p>Tab 4 Pg. 182</p>	<p>Presentation - Budget Update and Approval for Fiscal Years 2023-25 (Action) <i>Krisinda Hansen, Chief Financial Officer</i></p> <p><i>Public Comment</i></p>
<p>Tab 5 Pg. 188</p>	<p>*PETITION UP FOR FINAL ACTION (Action)</p> <ul style="list-style-type: none"> • Wagering Limits for House-Banked Card Games <p style="text-align: right;"><i>Lisa McLean, Legislative and Policy Manager</i></p> <p><i>Public Comment</i></p>
<p>Tab 6 Pg. 513</p>	<p>*PETITION UP FOR FINAL ACTION (Action)</p> <ul style="list-style-type: none"> • Progressive Jackpots <p style="text-align: right;"><i>Lisa McLean, Legislative and Policy Manager</i></p> <p><i>Public Comment</i></p>
<p>Tab 7 Pg. 531</p>	<p>*PETITION UP FOR DISCUSSION AND POSSIBLE FILING (Action)</p> <ul style="list-style-type: none"> • Ticket In Ticket Out (TITO) <p style="text-align: right;"><i>Lisa McLean, Legislative and Policy Manager</i></p> <p><i>Public Comment</i></p>
<p>Tab 8 Pg. 563</p>	<p>*PETITION UP FOR DISCUSSION AND POSSIBLE FILING (Action)</p> <ul style="list-style-type: none"> • Definition of “qualified sports teams” for electronic raffles <p style="text-align: right;"><i>Lisa McLean, Legislative and Policy Manager</i></p> <p><i>Public Comment</i></p>
<p>Tab 9 Pg. 568</p>	<p>*PETITION UP FOR DISCUSSION AND POSSIBLE FILING (Action)</p> <ul style="list-style-type: none"> • Bingo HB 1707 <p style="text-align: right;"><i>Lisa McLean, Legislative and Policy Manager</i></p> <p><i>Public Comment</i></p>
	<p>Adjourn</p>



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Friday, July 21, 2023

PUBLIC MEETING

9:30	Call to Order	<i>Alicia Levy, Chair</i>
Tab 10 Pg. 573	PETITION TO INITIATE RULE MAKING <ul style="list-style-type: none"> Hearing Rules <i>Public Comment</i>	(Action) <i>Lisa McLean, Legislative and Policy Manager</i>
Tab 11 Pg. 595	PETITION TO INITIATE RULE MAKING <ul style="list-style-type: none"> Pull Tab Service <i>Public Comment</i>	(Action) <i>Lisa McLean, Legislative and Policy Manager</i>
Tab 12 Pg. 601	2024 Agency Request Legislation	<i>Lisa McLean, Legislative and Policy Manager</i>
Tab 13 Pg. 611	Presentation – Self-Exclusion Annual Commission Report	<i>Tony Hughes, Special Agent Supervisor</i>
Adjourn		
	Public Comment can be provided via: <ul style="list-style-type: none"> Email before the start of the meeting on July 20, 2023, to askus@wsgc.wa.gov Microsoft Office Teams Chat Box. By phone; or In person. 	
	Adjourn	



STATE OF WASHINGTON
GAMBLING COMMISSION

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

Gambling Commission Meeting Minutes

May 11th and 12th, 2023

Day-1 meeting was held at the
Hampton Inn & Suite 4301 Martin Way E., Olympia

Day-2 meeting was held at the
Gambling Commission Headquarters 4565 7th Avenue SE, Lacey

Commissioners:

Chair Alicia Levy – In Person
Vice Chair Julia Patterson (via Teams)
Bud Sizemore - In Person
Sarah Lawson - In Person
Anders Ibsen - In Person

Ex Officio Members Present:

Senator Steve Conway (via Teams)
Jeff Holy – In person

Staff Present:

Tina Griffin, Director
Gary Drumheller, Assistant Director
Lisa McLean, Legislative and Policy Manager
Tommy Oakes, Interim Legislative Liaison
Suzanne Becker, Assistant Attorney General (AAG)
George Schultz, IT
Troy Kirby, Public Information Officer
Nicole Frazer, Administrative Assistant
Julie Anderson, Executive Assistant

Staff Present Virtually:

Julie Lies, Tribal Liaison; Jess Lohse, Special Agent; Dan Wegenast, Agent in Charge

There were 3 people in the audience and 45 people attended virtually.

Chair Levy welcomed everyone to the Hampton Inn and Suites for our first hybrid meeting with our own equipment. After a few minor technical issues, the meeting began at 9:40 AM and she called the roll to ensure a quorum.

Tab 1

Consent Agenda

Chair Levy asked the Commissioners if they had any changes to the consent agenda. Commissioners had no changes.

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

Commissioner Sizemore moved to approve the April minutes as presented by staff.

Commissioner Ibsen seconded the motion.

The motion passed unanimously. 4:0

Commissioner Patterson was online, and her vote was not captured.

The Director's Report

Director Griffin announced that the Governor had re-appointed Chair Levy for another four-year term. She also gave a brief update regarding the agency's website redesign, noting that the Commission is under a strict deadline, which will keep some staff very busy in the coming months. As part of this project, Director Griffin encouraged Commissioners, licensees, Tribal partners and others to take the survey to help the Commission build the most useful new platform for its audience. She further announced that, in April, Swinomish had opened the 15th sports wagering operation in the state. Lastly, she informed Commissioners that the Law Enforcement Intelligence Unit (LEIU), a nationally recognized organization designed to facilitate intelligence sharing between state and local law enforcement agencies, had just bestowed the Chair's Award on the agency. The award recognized the work that Gary Drumheller and his staff had done to organize a national sports wagering group, as well as a Pacific Northwest sports wagering group, made up of federal, local, and Tribal membership educating and sharing information across jurisdictions. We certainly appreciate the initiative and work that the staff have done in this area to earn this award.

Election of Officers

Chair Levy opened the nominations for Chair and Vice Chair.

Commissioner Lawson nominated Chair Levy as Commission Chair for the term to begin at the conclusion of today's meeting and end at the election of the new officers in 2024.

Commissioner Ibsen seconded the nomination.

The nomination passed. 5:0

Commissioner Sizemore nominated Commissioner Patterson as Vice Chair for the term to begin at the conclusion of today's meeting and end at the election of new officers in 2024.

Chair Levy seconded the nomination.

The nomination passed. 5:0

Tab 2

Petition for Final Action – Debit Card Rules

Lisa C. McLean, Legislative/Policy Manager and Rules Coordinator (LPM), presented the materials for this tab. This petition was submitted in April 2022, and it proposed to amend WAC 230-15-150 to allow chips to be sold using debit cards. In May 2022, the Commission agreed to initiate rulemaking, and at the time staff noted that other rules in addition to WAC 230-15-150 needed to be amended. Staff brought forward some draft language for amending rules and also added new rules.

Chair Levy asked for further comment from the Commissioners. They had none. She asked for public comment. There was none.

Commissioner Sizemore moved to take final action on debit cards to be effective 31 days after filing with the code reviser's office as presented by staff.

Commissioner Ibsen seconded the motion.

Commissioner Patterson voted against the motion.

The motion passed. 4:0 with 1 denial.

Tab 3

Petition for Final Action – Staff-Proposed License Fee and Sports Wagering Vendor License Fee Adjustments

Lisa C. McLean, Legislative/Policy Manager and Rules Coordinator (LPM), presented the material for this tab. At the January Meeting, the Commissioners accepted a staff recommendation to initiate rulemaking to address license fees. **LPM McLean** gave an overview of the public comments that were received. Staff recommended taking final action.

Chair Levy asked for further comment from the Commissioners. They had none. She asked for public comment. There was none.

Commissioner Sizemore moved to take final action effective 31 days after filing with the code reviser's office.

Commissioner Ibsen seconded the motion.

The motion passed unanimously. 5:0

Tab 4

Petition for Discussion and Possible Filing – Restrictions on Progressive Jackpots

Lisa C. McLean, Legislative/Policy Manager and Rules Coordinator (LPM), presented the materials for this tab. In February, we received a petition from Tiffini Cox, representing Galaxy Gaming from Las Vegas, Nevada, who proposed amending WAC 230-15-685(4)(b) to allow house-banked card rooms licensees to connect *more than one* progressive jackpot on different card games. Currently, the rule only allows licensees to connect *one* progressive jackpot on different card games. The petition asks to connect more than one to different card games. Staff recommended filing for further discussion.

Chair Levy asked for further comment from the Commissioners. They had none. She asked for public comment. There was none.

Commissioner Lawson moved to file for further discussion as presented by staff.

Commissioner Sizemore seconded the motion.

The motion passed unanimously. 5:0

Tab 5

Petition to Initiate Rule Making – Bingo HB 1707

Lisa C. McLean, Legislative/Policy Manager and Rules Coordinator (LPM), presented the materials for this tab. On April 20, 2023, Governor Jay Inslee signed HB 1707 (an act relating to bingo conducted by bona fide charitable and nonprofit organizations) into law with an effective

date of July 23, 2023. The bill amended RCW 9.46.0205, removing the limitation on conducting bingo only in the county in which the organization is principally located. Now, a bona fide charitable or nonprofit organization must only be principally located in the state of Washington and may not be approved for more than three licenses to conduct bingo activities. Staff recommended initiating rulemaking to adjust rules to the statute as amended.

Chair Levy asked for further comment from the Commissioners. They had none. She asked for public comment. There was none.

Commissioner Ibsen moved to initiate rule making to adjust rules to the statute as presented by staff.

Commissioner Sizemore seconded the motion.

The motion passed unanimously. 5:0

Tab 6

Petition to Initiate Rule Making – Definition of “qualified sports teams.”

Lisa C. McLean, Legislative/Policy Manager and Rules Coordinator (LPM), presented the materials for this tab. In January 2020, the major league sports teams in Washington state petitioned the Gambling Commission for changes to the rules to allow for electronic 50/50 raffles operated by their affiliated nonprofit foundations. After much work and deliberation, the Commission adopted rules responsive to the petition in November 2021. In the two-year-long discussion about adoption of the new and amended rules, there was explicit mention of reasoning for limiting electronic 50/50 raffles to “qualified sports teams” defined as “major league or highest-level team organized in Washington state.” At the time, the limitation was intended to enable the Commission to work with a limited number of teams to ensure that it had devised adequate rules and internal controls to regulate this activity properly. The first electronic 50/50 raffles launched in September 2022 with the beginning of the NFL season and, in October, for the NHL season. Staff recommended initiating rule making for further discussion.

Colin Campbell of the Seattle Thunderbirds spoke in favor of this petition and thanked the commission for their support. Commissioner Sizemore asked approximately how many home games take place in the Western Hockey League. Mr. Campbell stated that they expect to have 34 home games and 12 post-season games. They have also donated \$1.2 million dollars to the sports leagues in the community.

Chair Levy asked for further comment from the Commissioners. They had none. She asked for public comment. There was none.

Commissioner Lawson moved to initiate rule making for further discussion as presented by staff.

Commissioner Ibsen seconded the motion.

The motion passed unanimously. 5:0

Tab 7

2023 Legislative Wrap-Up and Agency Request Legislation

Tommy Oakes, Interim Legislative Liaison (ILL), presented the materials for 2023 Legislative Wrap-Up and **Lisa C. McLean, Legislative/Policy Manager and Rules Coordinator (LPM)**, presented the materials for the Agency Request Legislation for this tab. ILL Oakes gave an overview of the 2023 Legislative processes and the bills that passed. He also updated the Commissioners on the bill transition to next year.

LPM Mclean thanked Tommy for all the work he did on the 2023 legislative session. **Chair Levy** also thanked ILL Oakes for his hard work. LPM Mclean asked Commissioners for agency request legislation ideas for 2024. Commissioner Sizemore asked for the deadline to submit agency request legislation. LPM Mclean suggested that, by August and September, the Commissioners should have discussed their final requests.

Tab 8

OPMA Training for Commissioners

Suzanne Becker, Assistant Attorney General (AAG), presented the material for this tab. AAG Becker finished the training. All Commissioners were certified as up-to-date on OPMA training for another six years.

Chair Levy announced at 11:21AM that the Commissioners would adjourn until 2:00PM into Executive Session to discuss current potential agency litigation and Tribal negotiations with legal counsel.

Executive Assistant Julie Anderson announced to the public that the Executive Session was extended to 3:00PM.

Chair Levy reconvened the Commission meeting at 3:07 PM and called the role to ensure a quorum.

Commissioner Sizemore
Commissioner Ibsen
Commissioner Lawson (via phone)
Commissioner Patterson (via phone)

Tab 9

Presentation – 50 Years of Gambling in Washington

Troy Kirby, Public Information Officer, presented a short video retrospective of 50 years of gambling in Washington State from 1973 to 2023. There were invited guests that attended the presentation as well.

Chair Levy adjourned the meeting at 3:17 PM.

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Commissioners:

Chair Alicia Levy (via Teams)
Vice Chair Julia Patterson (via Teams)
Bud Sizemore (via Teams)
Anders Ibsen (via Teams)

Ex Officio Members Present:

Jeff Holy (via Teams)

Chair Levy welcomed everyone to the Lacey Headquarters of the Gambling Commission and called the roll. Commissioners and Ex Officio Holy were virtual on the second day. Staff present in the room were Director Griffin and EA Anderson. The meeting began at 9:45 AM.

Tab 10

Presentation – Strategic Plan 2023-2028

Director Griffin presented the materials for this tab. Commissioners agreed with the 2023-2028 plan.

Chair Levy asked for further comment from the Commissioners. They had none. She asked for public comment. There was none.

Commissioner Patterson moved to approve the 2023-2028 strategic plan as presented by staff.

Commissioner Ibsen seconded the motion.

The motion passed. 4:0

Commissioner Lawson was absent.

Chair Levy asked for further public comment. There was none. She announced that the next public meeting would be held at the Liquor & Cannabis Board on July 20 & 21.

The Gambling Commission adjourned the second day of the meeting at 10:10AM.



COMMISSION APPROVAL LIST
(New Licenses & Class III Gaming Employees)
July 2023

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Based upon the licensing investigations, staff recommends approving all new Licenses and Class III employees listed on pages 1 to 38.

ORGANIZATION NAME

LICENSE NUMBER

PREMISES LOCATION

NEW APPLICATIONS**BINGO**

BPOE 01181

00-00006 01-01100

4131 PINE RD NE

BREMERTON WA 98310

HOLY FAMILY PARISH

00-19891 01-02594

9615 20TH AVE SW

SEATTLE WA 98106

UTOPIA WASHINGTON

00-25117 01-02830

841 CENTRAL AVE N

KENT WA 98032

RAFFLE

AMERICAN LEGION 00026

00-00187 02-01239

209 MONROE ST

PORT TOWNSEND WA 98368

BAINBRIDGE ISLAND MUSEUM OF ART

00-23726 02-09692

550 WINSLOW WAY EAST

BAINBRIDGE ISLAND WA 98110

BONNEY LAKE ELEMENTARY PTA 5.8.30

00-25090 02-21320

18715 80TH ST E

BONNEY LAKE WA 98391

BOYS & GIRLS CLUBS OF SPOKANE COUNTY

00-20901 02-08732

333 W SPOKANE FALLS BLVD

SPOKANE WA 99201

COMBAT VETERAN MOTORCYCLE ASSOCIATION CHAPTER

00-25075 02-21309

416 BURNETT AVE S

RENTON WA 98057

FOE 02241

00-00170 02-00540

2829 W SYLVESTER ST

PASCO WA 99301

FUSION-FRIENDS UNITED TO SHELTER THE INDIGENT

00-25127 02-21338

3200 SW DASH POINT RD

FEDERAL WAY WA 98023

HOLY FAMILY PARISH

00-19891 02-08538

9615 20TH AVE SW

SEATTLE WA 98106

MONTESSORI SOCIETY OF YAKIMA

00-24436 02-21040

511 N 44TH AVE.

YAKIMA WA 98908

NORTHPORT HIGH SCHOOL ASB

00-17293 02-21176

408 10TH ST

NORTHPORT WA 99157

NORTHWEST TREK FOUNDATION

00-18583 02-08225

11610 TREK DRIVE E

EATONVILLE WA 98328

ST ALOYSIUS CATHOLIC CHURCH

00-25100 02-21325

211 W MASON AVE

BUCKLEY WA 98321

ORGANIZATION NAME

LICENSE NUMBER

PREMISES LOCATION

NEW APPLICATIONS**RAFFLE**

WENATCHEE YOUTH BASEBALL CLUB
00-20585 02-08656

1117 CHERRY STREET
WENATCHEE WA 98801

WEST SEATTLE GARDEN TOUR
00-25086 02-21316

4404 54TH AVENUE SW
SEATTLE WA 98116

WHIDBEY ISLAND DANCE THEATRE
00-24849 02-21223

714 CAMANO AVE
LANGLEY WA 98260

PUNCHBOARD/PULL-TAB NONPROFIT

AMERICAN LEGION 00026
00-00187 05-03487

209 MONROE ST
PORT TOWNSEND WA 98368

FOE 02241
00-00170 05-02768

2829 W SYLVESTER ST
PASCO WA 99301

PUNCHBOARD/PULL-TAB COMMERCIAL STIMULANT

410-PUB
00-25056 05-21808

17136 SR 410 E
SUMNER WA 98390

ACES POKER
00-25014 05-21825

7004 220TH ST SW
MOUNTLAKE TERRACE WA 98043

JIMMYS 94TH PUB
00-25069 05-21812

9401 SR 302 2
GIG HARBOR WA 98329

LEGENDS ARCADE
00-24988 05-21828

109 STATE AVE NE
OLYMPIA WA 98501

LONGHORN BARBECUE EAST
00-25114 05-21824

2315 N ARGONNE RD
SPOKANE WA 99212-2346

NEW PEKING
00-25087 05-21816

21179 SR 410 E
BONNEY LAKE WA 98391

TAYLOR STATION RESTAURANT AND LOUNGE
00-25103 05-21820

62 SE LYNCH RD
SHELTON WA 98584

THE CAVE AT THE POLISH CLUB
00-24907 05-21763

823 W 1ST ST
ABERDEEN WA 98520

THE CHANNEL MARKER
00-25095 05-21818

120 W DAYTON ST STE D1
EDMONDS WA 98020

ORGANIZATION NAME

LICENSE NUMBER

PREMISES LOCATION

NEW APPLICATIONS

PUNCHBOARD/PULL-TAB COMMERCIAL STIMULANT

THE WOODSHED BAR & GRILL
00-25105 05-21821

8580 SR 410
NACHES WA 98937

MANUFACTURER

FABICASH
20-00274 20-00274

3350 RIDGELAKE DR STE 114
METAIRIE LA 70002

KUO KAU PAPER PRODUCTS
20-00271 20-00271

NO 31, TIEN SHUI RD, DATONG DIST
TAIPEI NA 10350

GAMBLING SERVICE SUPPLIER

LUCKY DRAGONZ CASINO
00-23001 26-00379

11819 RENTON S
SEATTLE WA 98178

COMMERCIAL AMUSEMENT GAMES OPERATOR

IMPULSE INDUSTRIES INC
00-22775 53-21190

9281 BORDEN AVE
SUN VALLEY CA 91352-2034

MAJOR SPORTS WAGERING VENDOR

ISI SPORTS
10-00327 81-00017

7250 PEAK DRIVE SUITE 210
LAS VEGAS NV 89128

ORGANIZATION NAME

LICENSE NUMBER

PREMISES LOCATION

NEW APPLICATIONS

MID-LEVEL SPORTS WAGERING VENDOR

ISI SPORTS
10-00327 82-00029

7250 PEAK DRIVE SUITE 210
LAS VEGAS NV 89128

PERSON'S NAME
LICENSE NUMBER

EMPLOYER'S NAME
PREMISES LOCATION

NEW APPLICATIONS

DISTRIBUTOR REPRESENTATIVE

HALL, EDWARD F
22-01327

INTERBLOCK USA LLC
LAS VEGAS NV 89119

HARPLING, BARBARA B
22-01329

JCM GLOBAL
LAS VEGAS NV 89119-3728

JOHNSON, CONNER G
22-01287

SPOKANE PULLTAB & BINGO SUPPLY
SPOKANE WA 99202

MUNSTERMAN, CHRISTOPHER R
22-01328

INTERBLOCK USA LLC
LAS VEGAS NV 89119

MANUFACTURER REPRESENTATIVE

ANDERSON, ANDREW J
23-03694

ARIES TECHNOLOGY LLC
GROVE OK 74344-6251

ANDREWS, MICHAEL J
23-03674

ARISTOCRAT TECHNOLOGIES INC
LAS VEGAS NV 89135

ANTHONY, JESHUA L
23-03656

LIGHT & WONDER
LAS VEGAS NV 89119

BACA, RONNIE A
23-03689

IGT
LAS VEGAS NV 89113

BRITTON, CHORDARRELL N
23-03675

IGT
LAS VEGAS NV 89113

BUCKLEY, JEFFERY A
23-02721

ARIES TECHNOLOGY LLC
GROVE OK 74344-6251

CAGLE, JESSIE L
23-03693

ARIES TECHNOLOGY LLC
GROVE OK 74344-6251

CHADOVICH, ALEXEI M
23-03688

ARISTOCRAT TECHNOLOGIES INC
LAS VEGAS NV 89135

CHAN, AMANDA S
23-03678

LIGHT & WONDER
LAS VEGAS NV 89119

CROMWELL, JACOB M
23-03663

ARISTOCRAT TECHNOLOGIES INC
LAS VEGAS NV 89135

D'ORAZIO, ARIEL A
23-03681

EVERI PAYMENTS INC
LAS VEGAS NV 89113-2175

PERSON'S NAME
LICENSE NUMBER

EMPLOYER'S NAME
PREMISES LOCATION

NEW APPLICATIONS

MANUFACTURER REPRESENTATIVE

DUNGAN, JAMES A 23-03672	TCS JOHN HUXLEY AMERICA INC LAS VEGAS NV 89120
FERGUSON, ADAM T 23-01167	IGT LAS VEGAS NV 89113
GUTIERREZ, KELSIE G 23-03699	ARISTOCRAT TECHNOLOGIES INC LAS VEGAS NV 89135
HARINA, ANGELINE C 23-03685	ARISTOCRAT TECHNOLOGIES INC LAS VEGAS NV 89135
HAWLEY, JORDAN M 23-03690	EVERI GAMES INC. AUSTIN TX 78728
HERR, BENSON B 23-03668	IGT LAS VEGAS NV 89113
HUBINGER, KYLE D 23-03422	EVERI PAYMENTS INC LAS VEGAS NV 89113-2175
HUMPHRIES, BUDDY J JR 23-03696	EVERI PAYMENTS INC LAS VEGAS NV 89113-2175
JAGADEESWARAN, THANIGAIVELAN 23-03666	LIGHT & WONDER LAS VEGAS NV 89119
JANSEN, LISA M 23-03700	ARISTOCRAT TECHNOLOGIES INC LAS VEGAS NV 89135
KALAVALA, SHIVA S 23-03661	LIGHT & WONDER LAS VEGAS NV 89119
KAMALANATHAN, SIVASANKARI 23-03662	LIGHT & WONDER LAS VEGAS NV 89119
KEMPF, TRAVIS D 23-03660	AINSWORTH GAME TECHNOLOGY INC LAS VEGAS NV 89118
KNUST, RANDALL L JR 23-02402	GENESIS GAMING SOLUTIONS INC SPRING TX 77373
KRALY, JOANNE M 23-03670	ARISTOCRAT TECHNOLOGIES INC LAS VEGAS NV 89135
LOPEZ COLIN, JOSE A 23-03680	LIGHT & WONDER LAS VEGAS NV 89119

PERSON'S NAME
LICENSE NUMBER

EMPLOYER'S NAME
PREMISES LOCATION

NEW APPLICATIONS

MANUFACTURER REPRESENTATIVE

MARI MUTHU, GANESH
23-03665

LIGHT & WONDER
LAS VEGAS NV 89119

MCBEAN, KENNETH H
23-03692

ARIES TECHNOLOGY LLC
GROVE OK 74344-6251

MCCALL, KYLE D
23-03697

EVERI PAYMENTS INC
LAS VEGAS NV 89113-2175

MONROE, OUADEER M
23-03669

EVERI GAMES INC.
AUSTIN TX 78728

NAGADAPALLY, SRIKANTH REDDY
23-03105

EVERI GAMES INC.
AUSTIN TX 78728

NALASINGU, SREEKANTH
23-03654

LIGHT & WONDER
LAS VEGAS NV 89119

ORTEGA, XIOMARA R
23-03682

ARISTOCRAT TECHNOLOGIES INC
LAS VEGAS NV 89135

PEREZ, DEBRA J
23-03658

ARISTOCRAT TECHNOLOGIES INC
LAS VEGAS NV 89135

RABITO, ANTHONY F III
23-03677

FABICASH
METAIRIE LA 70002

RABITO, NICHOLAS R
23-03664

FABICASH
METAIRIE LA 70002

RAJDEV, AANCHAL
23-03698

ARISTOCRAT TECHNOLOGIES INC
LAS VEGAS NV 89135

RAMAN, MICHELLE M
23-03659

ARISTOCRAT TECHNOLOGIES INC
LAS VEGAS NV 89135

RAMBO, TAMMY T
23-02651

ARISTOCRAT TECHNOLOGIES INC
LAS VEGAS NV 89135

RANDAL, CHRISTINA M
23-03420

EVERI PAYMENTS INC
LAS VEGAS NV 89113-2175

SAGRILLO, KRISTINE D
23-03657

ARISTOCRAT TECHNOLOGIES INC
LAS VEGAS NV 89135

SALAS, MARIO A
23-03679

EVERI GAMES INC.
AUSTIN TX 78728

PERSON'S NAME
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NEW APPLICATIONS

MANUFACTURER REPRESENTATIVE

SANKARA SUBRAMANIAN, LAKSHMI NARAYANAN
23-03684

LIGHT & WONDER
LAS VEGAS NV 89119

SHARMA, RAJNEESH K
23-03673

ARISTOCRAT TECHNOLOGIES INC
LAS VEGAS NV 89135

SHAW, COLBY R
23-03676

IGT
LAS VEGAS NV 89113

SOLORIO ARMENTA, CAMILO J
23-01921

LIGHT & WONDER
LAS VEGAS NV 89119

STRAHLEM, RICHARD T
23-03686

EVERI GAMES INC.
AUSTIN TX 78728

TOBOSA-LIMA, KIAKAHI M
23-03691

ARISTOCRAT TECHNOLOGIES INC
LAS VEGAS NV 89135

TRUJILLO, LOGAN G
23-03701

IGT
LAS VEGAS NV 89113

WILLIAMS-JOHNSON, KRIS ANN Y
23-03683

IGT
LAS VEGAS NV 89113

WON, EDWIN C
23-03671

ARISTOCRAT TECHNOLOGIES INC
LAS VEGAS NV 89135

XAYPHRARATH, EMERLY
23-03687

IGT
LAS VEGAS NV 89113

CALL CENTER REPRESENTATIVE

NELSON, ALLISON E
32-00085

INCEPT CORPORATION
CANTON OH 44718

MAJOR SPORTS WAGERING REPRESENTATIVE

AHN, MICHAEL YOUNG-BIN
33-00301

NYX DIGITAL GAMING (USA), LLC
BEVERLY HILLS CA 90210

ARSOVIC, MILOS
33-00537

IGT
LAS VEGAS NV 89113

ATANASOV, DIMITAR
33-00560

DRAFTKINGS
BOSTON MA 02116

PERSON'S NAME
LICENSE NUMBEREMPLOYER'S NAME
PREMISES LOCATION**NEW APPLICATIONS****MAJOR SPORTS WAGERING REPRESENTATIVE**CHAN, MICHAEL H
33-00551DRAFTKINGS
BOSTON MA 02116DIMITROV, VLADIMIR
33-00543SBTECH MALTA LIMITED
ZEBBUG NA ZBG1303DIMOV, ILKO N
33-00559DRAFTKINGS
BOSTON MA 02116DOMOUCHTSIDIS, PANAGIOTIS
33-00258NYX DIGITAL GAMING (USA), LLC
BEVERLY HILLS CA 90210DRAKE, JORDAN R
33-00538IGT
LAS VEGAS NV 89113DVIRKO, OLEKSANDR
33-00561DRAFTKINGS
BOSTON MA 02116GEORGIU, KONSTANTINOS
33-00259NYX DIGITAL GAMING (USA), LLC
BEVERLY HILLS CA 90210GROSSMAN, JACOB A
33-00556DRAFTKINGS
BOSTON MA 02116JOVANOVSKI, JOVANA
33-00557IGT
LAS VEGAS NV 89113KOLEVA, NINA
33-00540SBTECH MALTA LIMITED
ZEBBUG NA ZBG1303KOLOSOVSKY, ALEXANDER
33-00554DRAFTKINGS
BOSTON MA 02116KRISTIC, MIRKO
33-00549IGT
LAS VEGAS NV 89113MCALISTER, JUSTIN S
33-00534DRAFTKINGS
BOSTON MA 02116NEDKOV, NEDKO
33-00539SBTECH MALTA LIMITED
ZEBBUG NA ZBG1303NEWELL, JEROME D
33-00558IGT
LAS VEGAS NV 89113NIKOLOV, NIKOLAY
33-00545SBTECH MALTA LIMITED
ZEBBUG NA ZBG1303

PERSON'S NAME
 LICENSE NUMBER

EMPLOYER'S NAME
 PREMISES LOCATION

NEW APPLICATIONS

MAJOR SPORTS WAGERING REPRESENTATIVE

OKSENIUK, ROMAN
 33-00519

DRAFTKINGS
 BOSTON MA 02116

PENCHEV, BOZHIDAR
 33-00541

SBTECH MALTA LIMITED
 ZEBBUG NA ZBG1303

PILLAI, MANICKAVASAGAM
 33-00547

DRAFTKINGS
 BOSTON MA 02116

RADEV, SIMON
 33-00542

SBTECH MALTA LIMITED
 ZEBBUG NA ZBG1303

RADOVANOVIC, ALEKSANDRA
 33-00536

IGT
 LAS VEGAS NV 89113

TODOROVIC, IVAN
 33-00535

IGT
 LAS VEGAS NV 89113

UNDERHILL, ETHAN J
 33-00552

IGT
 LAS VEGAS NV 89113

VAREY, ADAM J
 33-00548

BETFRED SPORTS
 LAS VEGAS NV 89103

WALTON, KEVIN W
 33-00532

IGT
 LAS VEGAS NV 89113

WILDER, JOSEPH M
 33-00550

IGT
 LAS VEGAS NV 89113

WIZNITZER, ARYEH S
 33-00555

DRAFTKINGS
 BOSTON MA 02116

YOVKOV, IVELIN
 33-00546

SBTECH MALTA LIMITED
 ZEBBUG NA ZBG1303

ZHULEV, IVAN D
 33-00544

SBTECH MALTA LIMITED
 ZEBBUG NA ZBG1303

MID-LEVEL SPORTS WAGERING REPRESENTATIVE

DESCHAINED, DAVID E
 34-00034

LIGHT & WONDER
 LAS VEGAS NV 89119

PERSON'S NAME
 LICENSE NUMBER

EMPLOYER'S NAME
 PREMISES LOCATION

NEW APPLICATIONS

NON-PROFIT GAMBLING MANAGER

ANDERSON, STEPHEN P 61-04848	FOE 03144 VASHON WA 98070
BERG-KELLETT, LONDA L 61-04850	FOE 02888 LYNNWOOD WA 98036
CUNNINGHAM, DIANA L 61-04846	AMERICAN LEGION POST #76 ARLING ARLINGTON WA 98223
DURGAN, WILLIAM B 61-04844	FOE 04390 WASHOUGAL WA 98671-4116
FAYARD, BRANDON R 61-04841	FOE 02647 PROSSER WA 99350
FLORES, JUAQUIN J 61-04843	VFW 03207 PROSSER WA 99350
FREDERICK, BLAIR S 61-04847	MARINERS CARE SEATTLE WA 98134
LOPEZ, KARMEN D 61-04838	VFW 03207 PROSSER WA 99350
TRAYNOR, KOREY W 61-04829	MARINERS CARE SEATTLE WA 98134
TREBILCOCK, GAYNOR E 61-04842	FOE AUX 02338 PORT ORCHARD WA 98366
WALKER, LINDA J 61-04849	FOE 04197 OCEAN SHORES WA 98569-9347
WALTERS LAWRENCE, SAMUEL S 61-04830	MARINERS CARE SEATTLE WA 98134
WICKERT, ALAN L 61-04832	FOE 00483 PORT ANGELES WA 98362-9095
WILDER, VERN J 61-04845	LOOM 01210 MONTESANO WA 98563
YAHN, HELEN I 61-04632	FOE AUX 02338 PORT ORCHARD WA 98366

PERSON'S NAME
LICENSE NUMBER

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PREMISES LOCATION

NEW APPLICATIONS

SERVICE SUPPLIER REPRESENTATIVE

ARMSTRONG, TYLER A 63-01110		MAVERICK WASHINGTON KIRKLAND WA 98034
GONZALEZ QUEZADA, ISREAL 63-01086		TECHNOLOGENT IRVINE CA 92618
ISLAS VALLEJO, ARTURO 63-01099		TECHNOLOGENT IRVINE CA 92618
JEAN, VALERY 63-01107		SURVEILLANCE SYSTEMS ROCKLIN CA 95677
NEWMAN-LOCKE, JUDY A 63-01117		SALISHAN-MOHEGAN LLC VANCOUVER WA 98660
PARRISH, LARRY D JR 63-01118		RELIABLE SECURITY SOUND & DATA EVERETT WA 98206-1295
RUSSELL, PAEDEN S 63-01111		CBN LOTTERY & GAMING INC WILMINGTON DE 19808
SMITH, CORY J 63-01115		FISHER SYSTEMS LEWISTON ID 83501-3588
TERNYIK, JACOB I 63-01116		TECHNICAL SECURITY INTEGRATION LAKE STEVENS WA 98258
TRESNAN, PAUL J 63-01112		SALISHAN-MOHEGAN LLC VANCOUVER WA 98660
WEINSTEIN, JEREMY S 63-01113		MAVERICK WASHINGTON KIRKLAND WA 98034

CARD ROOM EMPLOYEE

BINKLEY, MICHAEL T 68-14285	B	NOB HILL CASINO YAKIMA WA 98902
BINKLEY, SHANNON J 68-13372	B	NOB HILL CASINO YAKIMA WA 98902
BROCK, TREVOR G 68-37193	B	SLO PITCH PUB & EATERY BELLINGHAM WA 98225
BROWN, MICHAEL L 68-37240	B	ALL STAR CASINO SILVERDALE WA 98383

PERSON'S NAME
LICENSE NUMBER

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PREMISES LOCATION

NEW APPLICATIONS

CARD ROOM EMPLOYEE

BUCK, CHERISH L 68-37195	B	SILVER DOLLAR CASINO/SEATAC SEATAC WA 98188
CANNATA, SUSAN K 68-37234	B	LILAC LANES & CASINO SPOKANE WA 99208-7393
CANTER, MATTHEW P 68-37232	B	NEW PHOENIX LA CENTER WA 98629
CARTER, TERRELL O 68-34642	B	THE PALACE LA CENTER WA 98629
CHATMAN, CEDRIC R 68-37190	B	CHIPS CASINO/LAKEWOOD LAKEWOOD WA 98499
CHEA, SOPHEAP C 68-31401	B	SILVER DOLLAR CASINO/RENTON RENTON WA 98057
COYOTECATL-SANTOS, DANIEL G 68-37220	B	GOLDIES SHORELINE CASINO SHORELINE WA 98133
DONEY, PAUL M 68-36505	B	CARIBBEAN CARDROOM KIRKLAND WA 98034
DUGGAN, DAVID A 68-14062	B	IMPERIAL PALACE CASINO AUBURN WA 98002
FARAR, RYAN M 68-24832	B	CRAZY MOOSE CASINO II/MOUNTLAKE MOUNTLAKE TERRACE WA 98043-2463
FARRIMOND, JOHN T 68-37213	B	CARIBBEAN CARDROOM KIRKLAND WA 98034
FENICH, CAMERON M 68-37257	B	SILVER DOLLAR CASINO/RENTON RENTON WA 98057
FERGUSON, CANDIS S 68-37256	B	COYOTE BOB'S CASINO KENNEWICK WA 99336
FISCHER, JAMES T 68-03076	B	CARIBBEAN CARDROOM KIRKLAND WA 98034
FULLER, DILLON A 68-37242	B	LAST FRONTIER LA CENTER WA 98629-0000
GAMEZ, DENISE 68-37215	B	CLEARWATER SALOON & CASINO EAST WENATCHEE WA 98802

PERSON'S NAME
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NEW APPLICATIONS

CARD ROOM EMPLOYEE

GONZALES, JASON P 68-21244	B	GOLDIES SHORELINE CASINO SHORELINE WA 98133
GONZALEZ, JENNIFER J 68-37194	B	MACAU CASINO LAKEWOOD WA 98499-4457
HANSHEW, ROBERT D 68-37188	B	ACES POKER MOUNTLAKE TERRACE WA 98043
HARBERT, JOSHUA B 68-37216	B	BLACK PEARL RESTAURANT & CARD ROOM SPOKANE VALLEY WA 99206-4719
HART, CASEY J 68-11139	B	COYOTE BOB'S CASINO KENNEWICK WA 99336
HARVEY, REESE W 68-36076	B	ZEPPOZ PULLMAN WA 99163
HAYDEN, TREVOR W 68-31459	B	BLACK PEARL RESTAURANT & CARD ROOM SPOKANE VALLEY WA 99206-4719
HENDRICKS, RANDOLPH R II 68-37226	B	BLACK PEARL RESTAURANT & CARD ROOM SPOKANE VALLEY WA 99206-4719
HOUSER, ALISA K 68-37201	B	ZEPPOZ PULLMAN WA 99163
HOUSER, RAFFERTY S 68-37230	B	ZEPPOZ PULLMAN WA 99163
HOY, SOKONG S 68-25160	B	IMPERIAL PALACE CASINO AUBURN WA 98002
JACKSON, JEFFERY C 68-37253	B	BLACK PEARL RESTAURANT & CARD ROOM SPOKANE VALLEY WA 99206-4719
JORDAN, ISAIAH D 68-37208	B	RIVERSIDE CASINO TUKWILA WA 98168
KELDERHOUSE, MEA G 68-37205	B	CARIBBEAN CARDROOM KIRKLAND WA 98034
KITCHEN, MONICA R 68-04750	B	RIVERSIDE CASINO TUKWILA WA 98168
LASALLE, EDWARD J 68-09596	B	LILAC LANES & CASINO SPOKANE WA 99208-7393

PERSON'S NAME
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PREMISES LOCATION

NEW APPLICATIONS

CARD ROOM EMPLOYEE

LE, SI THANG 68-37185	B	GREAT AMERICAN CASINO/TUKWILA TUKWILA WA 98168
LE, THI MAI TIEN 68-36052	B	GREAT AMERICAN CASINO/TUKWILA TUKWILA WA 98168
LEON TAMAYO, JOCELYN 68-37237	B	BUZZ INN STEAKHOUSE/EAST WENATCHEE EAST WENATCHEE WA 98802
LIANG, YUANJIN 68-37235	B	GREAT AMERICAN CASINO/TUKWILA TUKWILA WA 98168
LY, HOAI D 68-35055	B	ROXBURY LANES AND CASINO SEATTLE WA 98126
MCFARLAND, BRIAN J 68-37252	B	BLACK PEARL RESTAURANT & CARD ROOM SPOKANE VALLEY WA 99206-4719
MILLICAN, SANDRA L 68-05256	B	PAPAS CASINO RESTAURANT & LOUNGE MOSES LAKE WA 98837
MONSON, ERIC J 68-07944	B	ACES POKER MOUNTLAKE TERRACE WA 98043
MORALES-MAU, CHANLIO R 68-35871	B	SILVER DOLLAR CASINO/RENTON RENTON WA 98057
MYAGMARDORJ, ZOLJARGAL 68-37200	B	CARIBBEAN CARDROOM KIRKLAND WA 98034
NORTON, SAVANNAH A 68-37214	B	CRAZY MOOSE CASINO II/MOUNTLAKE MOUNTLAKE TERRACE WA 98043-2463
OERTLI, RICHARD A 68-05063	B	IMPERIAL PALACE CASINO AUBURN WA 98002
OHELO, SANDRA J 68-37202	B	CRAZY MOOSE CASINO II/MOUNTLAKE MOUNTLAKE TERRACE WA 98043-2463
OLIVER, CHRISTIAN S 68-37239	B	BLACK PEARL RESTAURANT & CARD ROOM SPOKANE VALLEY WA 99206-4719
ORDONA, RACHELE M 68-22963	B	SILVER DOLLAR CASINO/RENTON RENTON WA 98057
PATNEAUDE, ANDREW S 68-37224	B	CASINO CARIBBEAN KIRKLAND WA 98034

PERSON'S NAME
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NEW APPLICATIONS

CARD ROOM EMPLOYEE

PESCHEK, CHELSIE L 68-25608	B	IMPERIAL PALACE CASINO AUBURN WA 98002
PETTIT, NICOLE L 68-25423	B	BLACK PEARL RESTAURANT & CARD ROOM SPOKANE VALLEY WA 99206-4719
PIPO, ROMELA DERAFEJ T 68-37192	B	MACAU CASINO LAKEWOOD WA 98499-4457
PODSAKOFF, NATHAN N 68-36092	B	CARIBBEAN CARDROOM KIRKLAND WA 98034
RICH, AUTUMN D 68-37245	B	BUZZ INN STEAKHOUSE/EAST WENATCHEE EAST WENATCHEE WA 98802
ROLOFF, CASSANDRA E 68-24869	B	PAPAS CASINO RESTAURANT & LOUNGE MOSES LAKE WA 98837
SAN DIEGO, NATHAN M 68-37186	B	HOLLYWOOD CARDROOM SHORELINE WA 98133
SAUCIER, RITA D 68-37210	B	FORTUNE CASINO - LACEY LACEY WA 98516
SHELL, BRYON E 68-37236	B	LILAC LANES & CASINO SPOKANE WA 99208-7393
SIMMS, JUSTIN W 68-17892	B	FORTUNE CASINO - RENTON RENTON WA 98055
SOI, ALIANE T 68-37189	B	CHIPS CASINO/LAKEWOOD LAKEWOOD WA 98499
SPEERE, JALEY N 68-37244	B	ALL STAR CASINO SILVERDALE WA 98383
STORMER, SAMUEL L 68-32276	B	SILVER DOLLAR CASINO/MILL CREEK MILL CREEK WA 98012-6384
STOWELL, JOHN M 68-37207	B	PAPAS CASINO RESTAURANT & LOUNGE MOSES LAKE WA 98837
THOMAS, TYREE J JR 68-37211	B	FORTUNE CASINO - LACEY LACEY WA 98516
TIMM, JOSHUA W 68-37197	B	NEW PHOENIX LA CENTER WA 98629

PERSON'S NAME
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NEW APPLICATIONS

CARD ROOM EMPLOYEE

TRINH, MARRY 68-29633	B	FORTUNE CASINO - LACEY LACEY WA 98516
TWAITES, BRAYDEN E 68-37196	B	WILD GOOSE CASINO ELLENSBURG WA 98926
UNCAPHER, JAMIE L 68-37231	B	BLACK PEARL RESTAURANT & CARD ROOM SPOKANE VALLEY WA 99206-4719
VAN, RANICA S 68-33522	B	MACAU CASINO TUKWILA WA 98188
VITALE, ANDREW J 68-32386	B	LILAC LANES & CASINO SPOKANE WA 99208-7393
VO, QUY D 68-34175	B	MACAU CASINO LAKEWOOD WA 98499-4457
VO, VINH D 68-36608	B	MACAU CASINO TUKWILA WA 98188
WAGNER, MATTHEW L 68-37233	B	JOKER'S CASINO SPORTS BAR & FIESTA CD RM RICHLAND WA 99352-4122
WARNER, MARISSA S 68-37243	B	ALL STAR CASINO SILVERDALE WA 98383
WAUD, TAYLOR D 68-37241	B	PAPAS CASINO RESTAURANT & LOUNGE MOSES LAKE WA 98837
WEBER, BRAEDEN M 68-37238	B	BLACK PEARL RESTAURANT & CARD ROOM SPOKANE VALLEY WA 99206-4719
WELCH, ROBERT M 68-37217	B	JOKER'S CASINO SPORTS BAR & FIESTA CD RM RICHLAND WA 99352-4122
WHITE, AARON D 68-37227	B	GOLDIES SHORELINE CASINO SHORELINE WA 98133
WHITMIRE, TATIANA L 68-35363	B	SILVER DOLLAR CASINO/SEATAC SEATAC WA 98188
WILCOX, MYRON M 68-22685	B	FORTUNE POKER RENTON WA 98057
WILSON, BRADLEY R 68-37251	B	BLACK PEARL RESTAURANT & CARD ROOM SPOKANE VALLEY WA 99206-4719

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PREMISES LOCATION

NEW APPLICATIONS

CARD ROOM EMPLOYEE

WOODRUFF, KERRIE A
68-10911

B

IMPERIAL PALACE CASINO
AUBURN WA 98002

YAGER, LISA K
68-37228

B

FORTUNE CASINO - LACEY
LACEY WA 98516

PERSON'S NAME

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NEW APPLICATIONS

CLASS III GAMING EMPLOYEE

CHEHALIS CONFEDERATED TRIBES

BOSIO-MATHIEU, MICHAELA T
69-54939

CHAIRES, SELENA I
69-55006

DUCHSCHERER, EDWARD C
69-54833

HARRIS, BETH A
69-49008

MACOMBER, TAMIE S
69-55040

MARTIN, LAURA J
69-20722

NELSON, SEAN D
69-24178

REGNER, NICHOLE P
69-54806

RICH, AMANDA M
69-55027

SCHMAUSS, SETH W
69-54938

SHUMATE, BRADLEY R
69-54940

STEWART, WILLIAM H JR
69-55042

THOMPSON, CORY J
69-54820

WALKINGSTICK, BENJAMIN F
69-54772

WARREN, ANTHONY R
69-55008

WILKINSON, NATHAN D
69-54805

COLVILLE CONFEDERATED TRIBES

ARNDT, RUSSELL W II
69-54315

CISNEROS, CELENE G
69-46776

FRIGERIO, ANTHONY G
69-55036

GAMEZ, RAFAEL C
69-54766

WILLIAMS, BRADEN J
69-50068

PERSON'S NAME

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NEW APPLICATIONS

CLASS III GAMING EMPLOYEE

COWLITZ INDIAN TRIBE

BAKER, DIANNA M
69-54895

BECKE, JENNIFER E
69-54842

BEYER, ALEXANDER R
69-54902

BRADLEY, JESSICA N
69-54698

BRUNGARDT, CORY N
69-48140

BRUNO, ANDRAYA R
69-54754

BURBANK, KAITLYN R
69-54974

BURLETTE, RYAN D
69-55114

CARPENTER, LARRY S
69-54855

CHANEY, CHAVONTE K
69-55068

CHIA, HONG A
69-54823

COMAN, EMMAUS L
69-55103

COOPER, JEREMY C
69-54717

CRUZ-RICHTER, GABRIELA A
69-54892

DAUGHERTY, AMANDA R
69-55062

DAVIS, LEVI B
69-54763

DEYOTT, RACHEL A
69-41982

DIETRICH, BRIDGET R
69-41191

DREW, ROBERT M
69-54877

FONTAINE, BODEY A
69-54753

GOODPASTER, JENISE M
69-55007

GUZMAN, ANDRES A
69-55066

HALL, TENLY A
69-54935

HARLOW, DAKOTA A
69-55072

PERSON'S NAME

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NEW APPLICATIONS

CLASS III GAMING EMPLOYEE

COWLITZ INDIAN TRIBE

HESSE, ROCHELL M
69-54848

HIETT, KIRSTEN P
69-41799

HOCHGRAEFE, JOHNNY JR
69-54888

HOCHGRAEFE, ROBERT A
69-55063

HOWELL, SAMANTHA L
69-54964

HULIN, NOAH W
69-54896

HUNTER, JOSHUA C
69-41911

JANKOVSKY, DAVID M
69-55121

JESSOP, AMMON V
69-54854

JONES, ETHAN M
69-55089

JONES, MOE L
69-54690

KLOEPPER, KYLE M
69-55074

LEFEBVRE, BRITTANY M
69-55067

LEIFESTE, KALEB M
69-54800

LONG, JENNIFER L
69-54715

LOPEZ, DIANE
69-54792

MARTONOVA, VIKTORIA
69-54773

MARXMILLER, CHRISTIAN W
69-54720

MEINING, JENNIFER S
69-41066

MENDOZA RAMOS, YUMA Y
69-54925

MILLER, FAWN O
69-54736

MILLER, TIMOTHY J
69-54808

NELSON, GREGORY D
69-55071

OEUNG, KOIN
69-54841

PERSON'S NAME

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NEW APPLICATIONS

CLASS III GAMING EMPLOYEE

COWLITZ INDIAN TRIBE

OFTEDAHL, LENORA A
69-55122

OLIVER, DENISE M
69-54721

OLSON, TAYLAR A
69-54853

PEDERSON, KAMERAN S
69-54856

PEONIO, CAMBRIA E
69-54893

PETERS, PAMELA V
69-54971

PETRIE, RACHAEL F
69-54886

PHARES, TYLER L
69-54937

PICKETT, LUKE G
69-54976

POULIN, BREE E
69-41909

POWERS, NATHANIEL A
69-54894

PRESTON, AYESHA E
69-54836

REINHARDT, RICHARD M
69-54810

REYES, ERIC L
69-54876

RICE, DIAMOND A
69-54672

RIPPY, CHRISTOPH D
69-55073

RODRIGUEZ, KEVIN L
69-55023

ROSENTHAL, AUSTIN M
69-54934

SCHNEIDER, GEORGE T
69-55120

SHELLABARGER, TSHEUNDA M
69-54975

SHERTZER, MICHELLE D
69-54843

SINANG, MARS G
69-54907

SMITH, JESSICA R
69-54871

SOLIS, JEREMIAH A
69-54917

PERSON'S NAME

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NEW APPLICATIONS

CLASS III GAMING EMPLOYEE

COWLITZ INDIAN TRIBE

SULLIVAN, JOHN A
69-55065

SUNDAL, JACOB L
69-54918

THRALL, TREYSON F
69-55070

TORIBIO, JOSENIA E
69-55003

TOWLE, THOMAS A
69-54722

TURK, CHRISTOPHER J
69-42712

VAN ATHEN, MICHAEL F
69-54682

VU, TUAN O
69-55069

WOODS, DAVID R
69-54681

WRIGHT, LAUREN M
69-54718

YBARRA, AARON M
69-51892

YEUNG, HONG LUNG
69-55064

KALISPEL TRIBE

ANDERSON, SAMUEL J
69-54885

BARBER, CAMERON S
69-55047

BLACK, DAVID S
69-54858

BROSAM, JESSIE L
69-55014

BROWN, DEIJA L
69-54751

BROWN, TOMMY J III
69-54741

CASTOR, JUSTYN W
69-55044

CASTRO, JENNIFER L
69-55017

COBB, KYLE L
69-54878

CUNNINGHAM, ABISHAI C
69-54752

ENGLAND, JOSHUA K
69-54948

FROST, JACOYLINE M
69-54732

PERSON'S NAME

CERTIFICATION / ELIGIBILITY NUMBER

NEW APPLICATIONS

CLASS III GAMING EMPLOYEE

KALISPEL TRIBE

KAMENEV, IVAN A
69-54880

KAUFMAN, ALYSSA A
69-54981

MCCOUL, KIMBERLEE A
69-54817

MCGHEE, JEFFREY D
69-54835

MURPHY, RICHARD L
69-55046

NELLOR, AIDEN J
69-54834

NOMEE, PHILLIP M
69-12249

PACHECO, JASON R
69-54755

ROUSE, JOSEPH D
69-55016

SMELTZER, TINA L
69-54879

SMITH, JEFFERY W
69-55045

STEELE, BLAZE A
69-54762

STEIDL, TIMOTHY M
69-55015

TRULL-MILLER, ZACHARY S
69-54801

WATSON, TRACIE L
69-55090

LUMMI NATION

ANTONS, PETER
69-55035

ARANDA, FELICIA M
69-54819

CAMACHO, ROSIE O
69-44527

CHANCE, DYLAN R
69-54857

COOPER, KENNETH R
69-54936

DANIELS, THADDEAUS D
69-54903

DIENDER, ANGELA M
69-54905

DOTY, JASMINE R
69-54818

PERSON'S NAME

CERTIFICATION / ELIGIBILITY NUMBER

NEW APPLICATIONS

CLASS III GAMING EMPLOYEE

LUMMI NATION

HALLING, ANDREA M
69-31181

HIGGINS, BRADLEY N
69-54882

JEFFERSON, EVA T
69-35565

JOHNSON, LISA A
69-54764

JONES, DOMINICK J
69-54950

KAHL, HEATH L
69-15523

NEWSOME, ANTHONY W
69-54787

OLSEN, TRACEY M
69-54881

PETERS, MICHAEL A
69-03944

PORTER, CHARLES W
69-40736

ROSARIO, DIA L
69-54765

SCOTT, MICHAEL J
69-47698

VALENCIA, LILIANA O
69-54784

WILLARD, ALFRED E
69-54951

WILLIAMS, MARCELINE C
69-54978

MUCKLESHOOT INDIAN TRIBE

ARREGUIN, MIGUEL F
69-18887

BALAHADIA, JAN ANGELO I
69-55013

BEGAY, TRINA I
69-55098

BELLOWS, JAMES R
69-09544

BRYANT, ASHLEY E
69-54915

BUTLER, STEPHANIE M
69-36746

CHON, JAMES T
69-54944

DORSEY, BARRY M
69-14558

PERSON'S NAME

CERTIFICATION / ELIGIBILITY NUMBER

NEW APPLICATIONS

CLASS III GAMING EMPLOYEE

MUCKLESHOOT INDIAN TRIBE

FRAUSTO, LANA C
69-54849

GARCIA, EMMA M
69-40582

GOGO, REYLEEN F
69-54916

HALSELL, RICO F
69-54943

HARMON, RICHARD R
69-54942

MAGLALANG-STERLING, CHARLOTTE I
69-53187

MILOJEVICH, JAMES A
69-43642

SENA, GABRIEL R
69-55117

TISHCHUK, ELIYA V
69-54850

TUIALUULUU, JARRETT F
69-55118

NISQUALLY INDIAN TRIBE

BLACKETER, MELVIN L
69-13308

CHIN, ARON T
69-39272

DELAGARZA, LAUREN J
69-54954

DELAHUNT, STEVEN D
69-54889

GUPTILL, BECKY R
69-55018

HARTLOFF, MELISSA M
69-36610

HOWE, JOSEPH E
69-54873

JEFFRIES, STEVEN E
69-54927

KAUTZ, RYAN J
69-54812

KUTCH, JOSHUA R
69-54791

LAZAR, CHRISTIE D
69-54953

LOPEZ, ATHENA T
69-26095

LOPEZ, MARIO J
69-54993

MANALAC, JUSTIN E
69-54968

PERSON'S NAME

CERTIFICATION / ELIGIBILITY NUMBER

NEW APPLICATIONS

CLASS III GAMING EMPLOYEE

NISQUALLY INDIAN TRIBE

MCCABE, ZEPHREN L
69-54906

MONTOYA, BRITTANI J
69-54933

MORROW, JACOB D
69-55028

RAPIER, RAZIEL M
69-54994

STAFFORD, TYLER J
69-29553

STEWART, ROBERT E
69-54847

STRICKLAND, SHANNON D
69-52489

WATTS, LYNN K
69-34238

WELLS, TINA M
69-54872

NOOKSACK INDIAN TRIBE

FINET, PHYLLIS E
69-33354

KWON, YONG K
69-28747

MCALLISTER, BAILEY L
69-54921

PIERCE, JERILL D
69-09051

VANDERHEIDE, MELINDA K
69-55048

PORT GAMBLE S'KLALLAM TRIBE

BATCHELOR, ANTHONY D
69-55053

CALDERA, AMBER L
69-54996

CARROLL, BRIAN T
69-54997

CROFT, ERIC D
69-54821

DAY, DAWN M
69-54608

ELIAS, ALEX M
69-54703

PERSON'S NAME

CERTIFICATION / ELIGIBILITY NUMBER

NEW APPLICATIONS

CLASS III GAMING EMPLOYEE

PORT GAMBLE S'KLALLAM TRIBE

FANENE, SEFOJO B
69-54909

KALISH, ALLYSSA B
69-55054

KLOPP, SAMUEL C
69-54998

LIPARI, JOSEPH A
69-54910

ORTIZ, DEBORAH-LYNN L
69-44256

SAMPSON, SEAN M
69-54704

SAVOIE, JOSHUA M
69-55055

SCHELL, ROY C
69-54911

THORNBERRY, DAVID A
69-54999

TRUESDALE, JOHN W
69-54972

WOODS, GORDON R
69-55000

PUYALLUP TRIBE OF INDIANS

ADAMS, CRISTANIE K
69-55021

ALAPATI, MARK C III
69-55092

ANDERSON, JUSTIN T JR
69-55010

ARQUETTE, CEDRICK I
69-54774

BERNARTE, JEROME J
69-55087

BERYS, GREGORY L SR
69-15179

BRADFORD, SIM A II
69-55137

BRUCE, PEGGY A
69-54983

CAMPANER, ALFRED J
69-55140

COPELAND, CODY J
69-55088

CRAFT, MICHELE J
69-54771

CROOM, BRIANNE L
69-54825

PERSON'S NAME

CERTIFICATION / ELIGIBILITY NUMBER

NEW APPLICATIONS

CLASS III GAMING EMPLOYEE

PUYALLUP TRIBE OF INDIANS

DASHNER, ROBERTA A
69-55029

DEPTULA, JASON J
69-33587

ELLIS, TARA L
69-54960

FAAPITO, TELESIA
69-55058

GEORGE, DONALD O JR
69-15124

GONZALES, VICKIE P
69-54924

GRAHAM, MICHAEL L
69-54770

GRONDIN, SEBASTIAN N
69-54959

HEDEGAARD, CHRISTIAN A
69-55030

HERRERA, DYLAN S
69-55022

HILINSKI, GRACIE L
69-54776

HOWARD, BENJAMIN S
69-54838

HUTCHCROFT, RAYMOND W
69-24713

JAMES, GINEAVA J
69-50231

JENSEN, ZACHERY M
69-55012

JOHNS, CHRISTOPHER G
69-07012

KAM, HAILEY K
69-44490

KHOEUY, PARATH
69-55059

LEPOLO, JOSEPHINE
69-55141

MABRY, SAMUEL D
69-54923

MARTINEZ CASTRO, ROCKY
69-55057

MAUGA, SEU J
69-55091

MEEKER, MELISSA M
69-46766

MENORATH, NATINA N
69-55060

PERSON'S NAME

CERTIFICATION / ELIGIBILITY NUMBER

NEW APPLICATIONS

CLASS III GAMING EMPLOYEE

PUYALLUP TRIBE OF INDIANS

MENZER, JESSICA R
69-55061

MISIOKA, ANDREW T
69-54824

MOSES, JASON C
69-13088

NAUTA, ROSE C
69-54961

POTTS, THOMAS J
69-32264

POWELL, STEPHEN G
69-55011

RAMOS VARELA, LUIS A
69-52352

RIGGINS, DEBORAH A
69-55034

SAMSON, ISAIAH N
69-54958

SHEELEY, PATRICK K
69-55086

SILER, CHRISTOPHER J
69-54840

TUIGAMALA, JIREH P
69-54955

TUIGAMALA, SAMIU
69-55056

WALLIS, JACQUELINE M
69-54912

WILSON, KEVIN L
69-35881

ZACAPU, PABLO L
69-54839

ZAMUDIO, CARLOS J
69-54914

QUINAULT NATION

CALVIN, MELODY A
69-54867

COLTRAIN, TIFFANI L
69-55020

COSTALES, BONNIE L
69-55050

DAVISON, KEVIN C
69-54814

HOPKINS, SHELBY D
69-55052

JAMES, MARK A JR
69-54868

PERSON'S NAME

CERTIFICATION / ELIGIBILITY NUMBER

NEW APPLICATIONS

CLASS III GAMING EMPLOYEE

QUINAULT NATION

JOHNSON, CODY M
69-55019

LLOYD, ELIZABETH H
69-54967

MORRIS, CHRIS A
69-35112

OLINGER, CHRISTOPHER H
69-54790

PERKINS, DORANNA L
69-51484

STREET, AARON E
69-54789

THOMPSON, CALEB M
69-55051

SHOALWATER BAY TRIBE

CAPPA, THOMAS J
69-25284

COGDILL, TRISTAN A
69-54962

SOUVENIR, ROBIN K
69-54963

SKOKOMISH TRIBE

CAMPBELL, KYLE C
69-18505

DEROSIA, GAGE D
69-54804

SNOQUALMIE TRIBE

BUSKIRK, JONATHAN
69-54796

COONCE, KAITLYNN N
69-55002

CRONIN, NATHANIEL J
69-52187

FORTUNE, MEGAN L
69-54740

GLEESON, EOIN N
69-55107

GU, YIRAN
69-54747

IREY, ASHLEY N
69-55105

JIMENEZ, CHARLES A
69-55108

PERSON'S NAME

CERTIFICATION / ELIGIBILITY NUMBER

NEW APPLICATIONS

CLASS III GAMING EMPLOYEE

SNOQUALMIE TRIBE

JOHNS, BRANDON C
69-55106

JOYCE, LAYLA B
69-54739

LAN, WENXIU
69-54830

LEWIS, ANNA C
69-54929

LIDGE, LOUIE R
69-54797

MACDONALD, JENNIFER D
69-47460

MESTER, MICHAEL T
69-55110

MORA, MICHELLE L
69-55144

MORISSET, BRIAN J
69-54794

NAZAROV, NASIM
69-54743

OSBORNE, LUKE E
69-55109

OUK, VEY
69-54746

PETERSEN, SELINA L
69-54744

ROSE, JONATHAN J
69-54738

SHELTON, RAVEN S
69-49000

STAM, AUDREY N
69-55004

ULRICH, ZACHARY J
69-54831

VAN FLEET, GARION A
69-54737

WAGNER-FULLER, DANTE M
69-55112

WANG, MEIGUANG
69-54742

WANG, YI
69-54930

SPOKANE TRIBE

ADKINS, MARK W
69-54990

ANDREW, MICHAEL L
69-54807

PERSON'S NAME

CERTIFICATION / ELIGIBILITY NUMBER

NEW APPLICATIONS

CLASS III GAMING EMPLOYEE

SPOKANE TRIBE

COOGAN, KARI J
69-55125

CORLETTO, ASHLEY N
69-54991

COVINGTON, KAITLYN S
69-54995

FINCHAM, DONTE R
69-54756

HAGEMANN, ANDREW D
69-54989

HAYES-GARCIA, SASHA J
69-54593

KICKING WOMAN, CHELSEY L
69-54815

LEBRET, NORMAN G
69-54986

ROSS, BRYAN K
69-31842

SAMUELS, FREDDIE E
69-46806

SAULS, COLETTE D
69-44796

SIJOHN, JIMMY J
69-38585

SIMPSON, STEPHANIE R
69-47627

TAYLOR, STEPHEN J
69-55126

THOMPSON, SHANDELL R
69-27858

WILLIS, MICHAEL W
69-54988

SQUAXIN ISLAND TRIBE

BETHEA, CLAYTON M
69-54977

BLUEBACK, THOMAS III
69-40442

COLLINS, KIERAN F
69-55009

DORLAND, MELANIE N
69-37477

DOWD, ERIC G
69-54926

IRVIN, ANDREW J
69-54845

MYERS, BRIANNA D
69-54941

NELSON, GARTH L
69-55041

PERSON'S NAME

CERTIFICATION / ELIGIBILITY NUMBER

NEW APPLICATIONS

CLASS III GAMING EMPLOYEE

SQUAXIN ISLAND TRIBE

ST JEAN, ALEXIS K
69-55085

ZION, TERRA L
69-36914

SUQUAMISH TRIBE

DELLA-VEDOVA, JOHN J
69-54897

DESIERTO, JOHN RAFAEL T
69-54900

FAZZARI, MARK A
69-55083

GAITOR, DARTAGNON S
69-54901

GALANG, JEIZER
69-54899

HEGWOOD, LEE ROY W
69-55095

NAPOLITANO, GRANT D
69-55136

PATTERSON, GARY C
69-55084

ROCETE, HEATHER D
69-54922

RODRIGUEZ, MICHELLE
69-55094

SISON, JESSA A
69-54952

SUKA, ITOSHY J
69-54898

SWINOMISH INDIAN TRIBAL COMMUNITY

BREILEIN, JON L
69-55033

HALLENBECK, NICHOLAS E
69-32853

HOEFLIN, MICHAEL J
69-38559

JOHN, ANDREW G JR
69-55032

KERLEY, CHRISTOPHER P
69-54887

LOBERIZA, ISIAH A
69-54946

LOUIS, MARIEFEL M
69-35916

PEREZ, EVANGELINE G
69-55031

PERSON'S NAME

CERTIFICATION / ELIGIBILITY NUMBER

NEW APPLICATIONS

CLASS III GAMING EMPLOYEE

SWINOMISH INDIAN TRIBAL COMMUNITY

POTTS, HUNTER C
69-55038

VIZCAINO, PABLO A
69-55102

THE TULALIP TRIBES

ABYSS, VASIL
69-20060

BENITEZ VALDOVINOS, OSVALDO
69-46753

BILL, KARLENE
69-00903

BLANCHARD, ANTHONY B
69-07188

BOOC, BERNADETH
69-55037

BRAMBACH, TRINA L
69-54780

BROWN, CHARLES H
69-55104

BRYAN, KUNYA
69-55131

CRAWFORD, JESSICA M
69-54985

DAWSON, TOBIAS Q JR
69-54779

DINH, DUNG A
69-55132

DUNHAM, NOAH J
69-55100

EWEN, ANGELA L
69-36251

FERNANDEZ COUPE, RYAN G
69-55078

FORESEE, WILLIAM P JR
69-55024

FOX, OLIVIA C
69-54777

FRYBERG, WENDY S
69-00228

GREENE, SEAN P
69-54785

GUZMAN, CRISTIAN I
69-55081

IKE, LOUIE N JR
69-54748

IUKES, MICHELLE R
69-54919

JABLONSKI, LINZEE J
69-32164

PERSON'S NAME

CERTIFICATION / ELIGIBILITY NUMBER

NEW APPLICATIONS

CLASS III GAMING EMPLOYEE

THE TULALIP TRIBES

KIDD, DJASARRI I JR
69-55128

KUCHERA, BETH A
69-55113

LAM, HUY G
69-55080

LAM, KIEN Q
69-54734

LUONG, LUAN V
69-55101

MANANSALA, CARLOS DIWANI L
69-55082

MCKINZEY, KIMBERLY D
69-54811

MEJIA, DANIEL A
69-38066

MIDDENDORF, JENNIFER T
69-54782

MIRANDA, PHILLIP J
69-54783

NGET, KYLE S
69-54984

NGUYEN, BAO O
69-17136

NGUYEN, DONNIE D
69-21317

ORR, ROBERT F JR
69-54949

OTANI, SIYU
69-55075

PEARSON, GERRI K
69-08114

PHONGPRADSANSAK, UEMPHORN
69-55039

PROO, DEIDRA M
69-54992

SALGADO, ALLYSA KAYE M
69-54733

SALINAS ZACKUSE, CULLEN D
69-54945

SANTOS, NOEL J
69-55076

SMREKAR, CYRUS J
69-54832

TIPPLE, DANIEL C
69-55115

TRIEZENBERG, ANNA L
69-55025

PERSON'S NAME

CERTIFICATION / ELIGIBILITY NUMBER

NEW APPLICATIONS

CLASS III GAMING EMPLOYEE

THE TULALIP TRIBES

WHITE, ISAIAH S
69-55077

ZACKUSE, JANA E K
69-50132

UPPER SKAGIT INDIAN TRIBE

CHRISTIAN, MICHAEL D
69-54883

DIETZ, AARON H
69-54970

GATTIS, JIMMY R JR
69-54908

GERGES, MORKUS M
69-55147

GULICH, FRANK III
69-54803

HONRUD, DAPHNE R
69-55096

JOHNSON, DERRICK S
69-55148

LAMAI, LU NAN
69-55149

LANTIS, SHANNON L
69-54884

LOMBARDO, TRESSA L
69-54980

MATHEWS, WILLIAM A
69-10804

RAI, JASWANT
69-55043

SCHRAM, ANDREW M
69-54965

STITTSWORTH, BRIAN D
69-54932

TORRES, ADAM IV
69-54931

VELAZQUEZ LAMAS, MARCOS A
69-54966

YAKAMA NATION

ANDREWS, MELENA K
69-10631

BRAUN, BRENT G
69-54869

CANTU, LEVI J JR
69-55119

DAVIS, BURTON J
69-55154

PERSON'S NAME

CERTIFICATION / ELIGIBILITY NUMBER

NEW APPLICATIONS

CLASS III GAMING EMPLOYEE

YAKAMA NATION

JIMMY, JOSEPH G
69-39868

JOHNSON, AMANDA L
69-40073

LITTLEBULL, NICOLA J
69-36507

OWEN-LONG, KIMBERLY L
69-54982

ROOUE RUIZ, MOISES
69-55153

SALINAS, JULIA M
69-54870

SMARTLOWIT, TYLER N
69-54769

SUTTON, RICHIE D
69-38857

TAINEWASHER, SAMANTHA M
69-35045

TULEE KALAMA, LORETTA K
69-08035

WHITNEY, SHEILA M
69-46423



**Washington State Gambling Commission
Pre-Licensing Report
Manufacturer**

**Part I
Licensing/Organization Information**

Type of Approval Manufacturer License	Premises/Trade Name/Address FabiCash 3350 Ridgelake Drive, Suite 114 Metairie, Louisiana 70002
Date of Application February 9, 2023	

APPLICANT INFORMATION

Name First American Bankcard, Inc.	License Application # 20-0027	Business Phone # (504) 837-2626
Address 3350 Ridgelake Drive, Suite 114 Metairie, Louisiana 70002		

ACTIVE LICENSES ISSUED BY GAMBLING COMMISSION

Description/Class Manufacturer License	Exp. Date 03/31/2024	License Number(s) 20-00274
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COMMISSION STAFF

Licensing Specialist Michelle Davis	Special Agents Julie Sullivan Donna Khanhasa
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Background/Structure

General Information:

First American Bankcard, Inc., doing business as FabiCash, applied for a manufacturer license to provide their Ticket In/Ticket Out kiosks in Washington State.

Organizational/Ownership Structure:

FabiCash

Title	Name	Spouse	Ownership %
President, Director	Anthony Rabito	Donna Rabito	100%
TOTAL			100%

Other Jurisdictions Licensed:

First American Bankcard, Inc. is licensed in Virginia and Maryland.

Part II
Licensing Investigations Summary

Special Agents from the Commission's Licensing Unit conducted a criminal history and financial investigation focusing on funding sources and beneficiaries for suitability in accordance with RCW 9.46 and WAC 230. Staff went on-site to Metairie, Louisiana, to conduct their investigation, which included verifying the ownership structure, reviewing financial and business records, and conducting interviews. The investigation found:

- No unreported people or businesses involved (i.e. substantial interest holders).
- No undisclosed ownership or undisclosed involvement in other activities/businesses.
- No disqualifying administrative history.
- All funding sources were disclosed; and
- All substantial interest holders qualify to hold a license.

Source of Funds:

The company's source of funds for bringing their business to Washington State came from cash on hand from operations.

Part III
Staff Recommendations

Based upon the criminal history and financial background investigations, staff recommends licensing First American Bankcard, Inc. with a manufacturer license.

Prepared By

Jennifer LaMont, Agent in Charge
Licensing Unit

Signature



Date

June 29, 2023



**Washington State Gambling Commission
Pre-Licensing Report
Manufacturing License**

**Part I
Licensing/Organization Information**

Type of Approval Manufacturer License	Premises/Trade Name/Address Kuo Kau Paper Products No. 31, Tien Shui Rd., Datong District Taipei, Taiwan 10350
Date of Application February 18, 2022	

APPLICANT INFORMATION

Name Kuo Kau Paper Products Co., Ltd.	License Application # 20-00271	Business Phone # (022) 559-5660
Address No. 31, Tien Shui Rd., Datong District Taipei, Taiwan 10350		

ACTIVE LICENSES ISSUED BY GAMBLING COMMISSION

Description/Class Manufacturers License	Exp. Date 03/31/2024	License Number(s) 20-00271
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COMMISSION STAFF

Licensing Specialist Elizabeth O'Hara	Special Agents Donna Khanhasa Julie Sullivan
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國高紙品股份有限公司
Kuo Kau Paper Products Co., Ltd.
Playing Cards Manufacturer

Background/Structure

General Information:

Kuo Kau Paper Products Co., Ltd., doing business as Kuo Kau Paper Products, develops and manufactures playing cards, including pre-shuffled playing cards. They are a privately held, family-owned company based out of Taipei, Taiwan.

Organizational/Ownership Structure:

Title	Name	Spouse	% Ownership
General Manager	Chen, Bing-Chang	Chiang, Hui-Fen	55%
Vice General Manager	Chiang, Hui-Fen	Chen, Bing-Chang	18%
President, Chairman	Chen-Liao, Hung-Feng	Chen, Hsin-Chou	6%
GM Executive Assistant	Chen, Yen-Ting	N/A	21%
	Total		100%

Other Jurisdictions Licensed:

This is the first jurisdiction that Kuo Kau Paper Products has applied.

Part II
Licensing Investigations Summary

Special Agents from the Commission's Licensing Unit conducted a criminal history and financial investigation focusing on funding sources and beneficiaries for suitability in accordance with RCW 9.46 and WAC 230. The investigation included verifying the ownership structure and reviewing financial and business records as well as reviewing the manufacturing process. The investigation found:

- No unreported people or businesses involved (i.e. substantial interest holders);
- No undisclosed ownership or undisclosed involvement in other activities/businesses;
- No disqualifying administrative history;
- All funding sources were disclosed; and
- All substantial interest holders qualify to hold a license.

Source of Funds:

The company has been in business since 1979 and their source of funds for their application came from cash on hand from operations.

Part III
Staff Recommendations

Based upon the criminal history and financial background investigations, staff recommends licensing Kuo Kau Paper Products Co., Ltd., doing business as Kuo Kau Paper Products, with a manufacturer license.

Prepared By

Jennifer LaMont, Agent in Charge
Licensing Unit

Signature



Date

June 26, 2023



Washington State Gambling Commission
Pre-Licensing Report
Sports Wagering

Part I
Licensing/Organization Information

Type of Approval Major Sports Wagering Vendor License Mid-Level Sports Wagering Vendor License	Premises/Trade Name/Address ISI Sports 7250 Peak Drive Suite #210 Las Vegas, NV 89128
Date of Application 9/11/2022	

APPLICANT INFORMATION

Name Internet Sports International LTD	License Application # 10-00327	Business Phone # (702) 463-7276
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Address
7250 Peak Drive Suite #210
Las Vegas, NV 89128

ACTIVE LICENSES ISSUED BY GAMBLING COMMISSION

Description/Class	Exp. Date	License Number
Major Sports Wagering Vendor License	12/31/2023	81-00017
Mid-Level Sports Wagering Vendor License	12/31/2023	81-00029

COMMISSION STAFF

Licensing Specialist Jeanette Warner	Special Agents Donna Khanhasa Nathan Kresse
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Background/Structure

General Information:

Internet Sports International LTD, doing business as ISI Sports, is a limited liability company operating in conjunction with its sister company, ISI Maritime/Islands LTD. ISI Sports applied for a Major Sports Wagering Vendor License to act as a Tribe's primary consulting on substantial Sports Wagering related services and a manufacturer or distributor of a Sports Wagering system.

ISI Sports has also applied for a Mid-Level Sports Wagering Vendor License to provide data to be used by a Tribe(s) or a Sports Wagering vendor, including data to set odds, and Sports Wagering account management, including Software-as-a-Service (SaaS) products.

Organizational/Ownership Structure:

Ownership/corporate structure of Internet Sports International, LTD.

Title	Name	% Ownership
President, Chairman	William “Bill” Stearns	21.89%
Vice President, Corp Secretary	Ernest Matthews	19.04%
Institutional Investor	Pillars Investment, LLC	4.68%
Shareholders	Other Shareholders*	54.39%
	Total	100%

* Other Shareholders account for sixty (60) shareholders, all who own less than 5% of the company – the percentage of shares held by these shareholders varies from .1% to 4.68%.

Affiliated Companies:

ISI Maritime/Islands LTD is a subordinate company to ISI Sports, and provides the manufacturing, production and human resources for all of the functions and services provided by ISI Sports and were reviewed in tandem with ISI Sports due to the interrelated nature of the two companies.

Ownership/corporate structure of ISI Maritime/Islands, LTD

Title	Name	% Ownership
President, Chairman	Ernest Matthews	-
Vice President, Corp Secretary	William “Bill” Stearns	-
Shareholder	Internet Sports International, LTD	65.72%
Shareholder	Pillars Investment, LLC	15.45%
N/A	Other Shareholders*	18.83%
	Total	100%

* Other Shareholders account for thirty-nine (39) shareholders, all who own less than 5% of the company – the percentage of shares held by these shareholders varies from .66% to 1.52%.

Other Jurisdictions Licensed:

ISI Sports is licensed or certified in multiple jurisdictions, including Colorado, Wisconsin, Oregon, South Dakota, Arizona, and Ohio as well as multiple Tribal jurisdictions throughout those states.

Special Agents from the Commission’s Licensing Unit conducted a criminal history and financial investigation focusing on funding sources and beneficiaries for suitability in accordance with RCW 9.46 and WAC 230. Staff went on-site to Las Vegas, NV to conduct their investigation, which included verifying the ownership structure, reviewing financial and business records. The investigation found:


- No unreported people or businesses involved (i.e. substantial interest holders).
- No undisclosed ownership or undisclosed involvement in other activities/businesses.
- No disqualifying administrative history.
- All funding sources were disclosed; and
- All substantial interest holders qualify to hold a license.

Source of Funds:

The company’s source of funds for bringing their business to Washington State came from cash on hand from operations from their manufacturing, production and Sports Wagering services offered in other jurisdictions.

**Part III
Staff Recommendations**

Based upon the criminal history and financial background investigations, staff recommend approving Internet Sports International LTD, doing business as ISI Sports, for a Major and a Mid-Level Sports Wagering Vendor License.

Prepared By Jennifer LaMont, Agent in Charge Licensing Unit	Signature 	Date June 29, 2023
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HOUSE-BANKED PUBLIC CARD ROOM REPORT

Licensed and Operating		38			
	City	Commission Approval Date	License Expiration Date	Org #	License #
ALL STAR CASINO	SILVERDALE	Jan 14, 1999	Jun 30, 2024	00-18357	67-00058
BLACK PEARL RESTAURANT & CARD ROOM	SPOKANE VALLEY	Jan 10, 2013	Sep 30, 2023	00-22440	67-00321
BUZZ INN STEAKHOUSE/EAST WENATCHEE	EAST WENATCHEE	Oct 10, 2002	Dec 31, 2023	00-11170	67-00183
CARIBBEAN CARDROOM	KIRKLAND	Nov 14, 2019	Sep 30, 2023	00-24515	67-00343
CASINO CARIBBEAN	KIRKLAND	Nov 14, 2019	Sep 30, 2023	00-24512	67-00341
CASINO CARIBBEAN	YAKIMA	Nov 14, 2019	Sep 30, 2023	00-24513	67-00342
CHIPS CASINO/LAKEWOOD	LAKEWOOD	Apr 8, 1999	Dec 31, 2023	00-17414	67-00020
CLEARWATER SALOON & CASINO	EAST WENATCHEE	Feb 14, 2019	Dec 31, 2023	00-24296	67-00339
COYOTE BOB'S CASINO	KENNEWICK	Jul 10, 2009	Mar 31, 2024	00-21848	67-00282
CRAZY MOOSE CASINO II/MOUNTLAKE TERRACE	MOUNTLAKE TERRACE	Jul 10, 2009	Mar 31, 2024	00-21849	67-00283
CRAZY MOOSE CASINO/PASCO	PASCO	Jul 10, 2009	Mar 31, 2024	00-21847	67-00281
FORTUNE CASINO - LACEY	LACEY	Jul 14, 2022	Mar 31, 2024	00-24868	67-00347
FORTUNE CASINO - RENTON	RENTON	Jan 8, 2015	Sep 30, 2023	00-23339	67-00327
FORTUNE CASINO - TUKWILA	TUKWILA	Oct 8, 2015	Jun 30, 2024	00-23465	67-00329
GOLDIES SHORELINE CASINO	SHORELINE	May 13, 1999	Dec 31, 2023	00-17610	67-00016
GREAT AMERICAN CASINO/EVERETT	EVERETT	Nov 12, 1998	Dec 31, 2023	00-19513	67-00194
GREAT AMERICAN CASINO/LAKEWOOD	LAKEWOOD	Aug 14, 2003	Jun 30, 2024	00-19258	67-00184
GREAT AMERICAN CASINO/TUKWILA	TUKWILA	Jan 15, 1998	Sep 30, 2023	00-12554	67-00012
IMPERIAL PALACE CASINO	AUBURN	Jan 9, 2003	Dec 31, 2023	00-19477	67-00192
JOKER'S CASINO SPORTS BAR & FIESTA CD RM	RICHLAND	Nov 12, 1998	Dec 31, 2023	00-15224	67-00006
LANCER LANES/REST AND CASINO	CLARKSTON	Nov 13, 2008	Sep 30, 2023	00-21681	67-00276
LILAC LANES & CASINO	SPOKANE	Jul 12, 2007	Jun 30, 2024	00-21305	67-00267

FL

Licensed and Operating					38
	City	Commission Approval Date	License Expiration Date	Org #	License #
MACAU CASINO	TUKWILA	Nov 14, 2019	Sep 30, 2023	00-24514	67-00344
MACAU CASINO	LAKEWOOD	Nov 14, 2019	Sep 30, 2023	00-24516	67-00345
NEW PHOENIX	LA CENTER	Oct 6, 2022	Jun 30, 2024	00-24981	67-00349
NOB HILL CASINO	YAKIMA	Sep 12, 2001	Dec 31, 2023	00-13069	67-00173
PAPAS CASINO RESTAURANT & LOUNGE	MOSES LAKE	Aug 13, 1998	Jun 30, 2024	00-02788	67-00004
RC'S AT VALLEY LANES	SUNNYSIDE	Nov 16, 2017	Mar 31, 2024	00-16220	67-00336
RIVERSIDE CASINO	TUKWILA	Aug 14, 2003	Jun 30, 2024	00-19369	67-00187
ROMAN CASINO	SEATTLE	Feb 10, 2000	Mar 31, 2024	00-17613	67-00057
ROXBURY LANES AND CASINO	SEATTLE	Nov 18, 2004	Jun 30, 2024	00-20113	67-00231
SILVER DOLLAR CASINO/MILL CREEK	MILL CREEK	Sep 9, 2010	Jun 30, 2024	00-22131	67-00302
SILVER DOLLAR CASINO/RENTON	RENTON	Sep 9, 2010	Jun 30, 2024	00-22134	67-00305
SILVER DOLLAR CASINO/SEATAC	SEATAC	Sep 9, 2010	Jun 30, 2024	00-22128	67-00299
SLO PITCH PUB & EATERY	BELLINGHAM	Aug 12, 1999	Jun 30, 2024	00-16759	67-00038
THE PALACE	LA CENTER	Apr 9, 1998	Jun 30, 2024	00-16903	67-00010
WILD GOOSE CASINO	ELLENSBURG	Apr 8, 2004	Dec 31, 2023	00-20009	67-00212
ZEPPOZ	PULLMAN	Nov 13, 2008	Mar 31, 2024	00-18777	67-00209

Licensed but Not Currently Operating					4
	City	Commission Approval Date	License Expiration Date	Org #	License #
EMERALD DOWNS	AUBURN	May 11, 2017	Mar 31, 2024	00-23814	67-00335
LUCKY DRAGONZ CASINO	SEATTLE	Mar 10, 2022	Jun 30, 2024	00-23001	67-00323
ROYAL CASINO	EVERETT	Sep 9, 2010	Jun 30, 2024	00-22130	67-00301
WIZARDS CASINO	BURIEN	Feb 11, 2010	Dec 31, 2023	00-21998	67-00287

Applications Pending**3**

	City	Commission Approval Date	License Expiration Date	Org #	License #
IMPERIAL PALACE CASINO	TUKWILA			00-24893	67-00348
PALACE CASINO LAKEWOOD	LAKWOOD	Jan 14, 1999		00-16542	67-00028
RED DRAGON CASINO	MOUNTLAKE TERRACE	Aug 11, 2011		00-22459	67-00315



**STATE OF WASHINGTON
GAMBLING COMMISSION**

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

TO: **COMMISSIONERS** **Ex-Officios**
 Alicia Levy, Chair Senator, Steve Conway
 Julia Patterson, Vice-Chair Senator, Jeff Holy
 Bud Sizemore Representative, Shelley Kloba
 Sarah Lawson Representative, Skyler Rude
 Anders Ibsen

FROM: Tina Griffin, Director

DATE: July 3, 2023

SUBJECT: **July Director’s Report**

Professional Development Course

From June 5 through June 23, 2023, I attended the Harvard Kennedy School’s Senior Executives in State and Local Government in Boston. It was an excellent program and I’m grateful to have had the opportunity to attend. Program participants came from across the world and serve as elected and non-elected officials in state and local government.

Some of the topics covered included leadership, negotiations, effective partnerships, policy modeling and implementation, team dynamics, communication, change management, and emergency management.

I look forward to sharing and implementing some of the technical aspects of course with the leadership team.

2023 – 2028 Strategic Plan

We have published our new 2023 – 2028 Strategic Plan and posted it on our website. The plan includes a one-page synopsis of our mission, vision, values, goals, objectives, and tactics. The intent is to have this easy reference of the agency’s goals and objectives to ensure this is a living document.

We intend to provide you with quarterly updates of our progress toward achieving the goals at the January 2024 Commission meeting. This will allow us time to set up the measurement mechanisms and begin collecting data. **SEE ATTACHED**

2018 – 2023 Strategic Plan Wrap Up

The Commission’s Strategic Plan adopted in 2018 identified four goals for the ensuing five years:

- Increase the Commission’s role in helping people who suffer from gambling disorders.
- Strengthen legislative relationships.
- Staff continuity and succession planning.
- Strengthen stakeholder relationships.

In January 2022, Commissioners agreed to extend the Strategic Plan for one year (to 2023) to allow staff additional time to complete some planned tactics that were delayed by the pandemic and other business initiatives. Now, as we move into a new strategic plan for the coming five years, I would like to highlight some of the key achievements of the expiring strategic plan.

Goal 1: Increase the Commission's role in helping people who suffer from gambling disorders.

- Participated actively in the work of the Problem Gambling Task Force. PGTF completed its work in 2022, issuing a comprehensive review of current problem gambling funding, services, programs, and policies and the findings of its 2021 Prevalence Study.
- Supported the adoption of 2023 legislation increasing contributions to the state's problem gambling fund to ensure that those who need treatment for gambling disorders can receive treatment and establishing a permanent advisory committee.
- Negotiated increased contributions from Tribal partners to the problem gambling fund, as well as establishing requirements for responsible gambling messages at Tribal casinos.
- Launched a statewide self-exclusion program at house-banked card rooms in May 2022 with the opportunity for Tribes to participate in the statewide self-exclusion program. As part of that process, licensees and staff received training on the new program and educational resources and forms were prepared in 10 languages.

Goal 2: Strengthen legislative relationships.

- Prepared and published fiscal year annual reports, updating the annual legislative media brochures with Commission activity and priorities highlighted.
- Formed an internal team to keep abreast of emerging issues, determine what issues to focus on, and forecast topics for lawmakers.
- Engaged actively with legislators on topics of interest, agency priorities, and educational work sessions.
- Contracted with Washington State University on a Study on Sports Betting in Washington State, as requested by the Legislature.
- Successfully drafted, found co-sponsors for, and advocated for passage of a bill in 2023 to include limited law enforcement in the recently adopted training and certification requirements that apply to general law enforcement.

Goal 3: Staff continuity and succession planning.

- Adopted several tactics to establish agency leadership pathways, including cross training of staff, creating opportunities for staff to serve as subject matter experts and on internal and external work groups, job shadowing, and coaching of staff through the PDP and interim review process.
- Filled vacant agency leadership positions.
- Updated competencies and job requirements for key positions.
- Implemented tactics to expose prospective leaders to budget and policy review processes and other behind-the-scenes duties.
- Identified training opportunities for staff to expand their expertise and leadership potential.
- Devised several tactics to recognition and mission as an employer of choice, including highlighting benefits during recruitment, offering flexible and modern work environment,

providing meaningful staff recognition, and developing methods to reach a diverse candidate pool.

Goal 4: Strengthen stakeholder relationships.

- Worked with Tribes to explore an alternative fee method as negotiated and documented agreement in an MOU.
- Conducted online surveys and town hall meetings to gauge the effectiveness of fee simplification on stakeholders.
- Sought feedback from Tribal partners through the Tribal consultation process.
- Received additional information about Tribal contributions from WIGA.
- Worked with multiple nonprofit organizations on the requirements for alternative raffles and introduced rule changes to ease restrictions on nonprofit organizations.
- Approved rules for electronic raffles that incorporated stakeholder feedback.
- Met with licensees and tribal partners annually to receive feedback on potential legislation for the upcoming session.

Attachments:

2023 – 2028 Strategic Plan



WASHINGTON STATE GAMBLING COMMISSION

STRATEGIC PLAN 2023 - 2028

"Protect the public by ensuring that gambling is legal and honest."



2023-28

Strategic Plan Goals & Objectives

*"Protect the public by ensuring
gambling is legal and honest."*

Goal #1

An Employer of Choice

Attract & Retain

- Recruit staff with effective, efficient practices
- Recognize, celebrate employees
- Staff professional development & growth
- Work-life balance

Institutional Knowledge

- Identify, assess, develop succession planning
- Create a continued learning culture

Culture Embrace of DEI

- Develop, implement DEI strategies
- Agency-wide cultural competencies
- Foster a sense of belong

Goal #2

Regulatory Leadership

Equity, Inclusive Environments

- Industry expertise on emerging trends
- Stakeholder feedback
- Participation in national peer groups

Innovate Efficiency

- Identify redundancies
- Become a change agent
- Embrace application of change

Sustainable Funding Models

- Analyzing similar-funded agencies
- Fees responsive to economic change
- Improve billing, processes

Improve Prosecution

- Engage prosecutors early during investigations
- Explore new prosecution methods
- Data capture of law enforcement efforts

Goal #3

Responsible Gambling

Problem Gambling Resources

- Agency collaboration
- Update licensee signage to post
- Update problem gambling rules signage

Workgroup participation

- Implement, integrate initiatives

Self-Exclusion Statewide

- Enhance program
- Explore rulemaking

Goal #4

Strengthening Partnerships

Engage

- Tribal, federal, state and local agencies
- Expand awareness of agency mission

Communication & Service

- Engage licensees, tribal partners
- Update, modernize licensee training
- Identify, remove information barriers
- Expand Outreach of WSGC

WSGC 2023-2028 Strategic Plan

Goal 1: Become an employer of choice that attracts and retains a highly skilled, valued, and diverse workforce.

Objectives	Strategies
1. Attract and retain a highly skilled, diverse workforce	<ul style="list-style-type: none">• Recruit staff using effective, efficient recruitment practices• Recognize and celebrate our employees• Explore professional development and growth opportunities for staff at all levels• Promote work-life balance
2. Advance institutional knowledge	<ul style="list-style-type: none">• Implement a plan to identify, assess, and develop talent to enhance succession planning and foster leadership continuity• Emphasize a continued learning culture
3. Create a culture that embraces diversity, equity, inclusion, and belonging	<ul style="list-style-type: none">• Develop and implement diversity, equity, and inclusion strategies• Develop and implement agency-wide cultural competencies• Foster a sense of belonging

WSGC 2023-2028 Strategic Plan

Goal 2: Be a leader in gambling licensing, regulation, and enforcement.

Objectives	Strategies
1. Promote a licensing, regulatory, and enforcement environment that is equitable and inclusive	<ul style="list-style-type: none"> • Develop and maintain industry expertise and stay abreast of emerging areas • Engage stakeholders for feedback • Actively participate in national and other regulatory groups
2. Develop and implement innovative strategies to conduct business efficiently	<ul style="list-style-type: none"> • Engage internal and external stakeholders and tribal partners to identify areas of efficiency • Pursue improvements and innovations in the use of technology and agency resources • Adopt Organizational Change Management principles and embrace practical application
3. Develop sustainable funding strategies	<ul style="list-style-type: none"> • Analyze similarly funded agencies • Explore rulemaking to allow fees to be responsive to economic shifts • Improve billing methods and processes
4. Improve prosecution of illegal gambling activities	<ul style="list-style-type: none"> • Engage with prosecutors early in the investigative process • Explore other ways to seek prosecution • Develop systems to capture data on enforcement efforts

WSGC 2023-2028 Strategic Plan

Goal 3: Promote responsible gambling.

Objectives	Strategies
1. Enhance access to problem gambling resources	<ul style="list-style-type: none">• Collaborate with other agencies to keep resource materials updated and accessible• Update signage for licensees to post• Update rules regarding problem gambling signage
2. Participate in problem gambling workgroups	<ul style="list-style-type: none">• Actively participate in workgroups to promote responsible gambling.• Support implementation and integration of responsible gaming initiatives from the work groups
3. Enhance the state-wide self-exclusion program	<ul style="list-style-type: none">• Identify ways to enhance the state-wide program for current and future participants• Explore rulemaking to expand program to other licensed gambling activities

WSGC 2023-2028 Strategic Plan

Goal 4: Strengthen partnerships with governmental agencies, licensees, and the public.

Objectives	Strategies
1. Engage with tribal governments and federal, state, and local agencies	<ul style="list-style-type: none">• Expand upon current engagement activities• Promote awareness of the agency and the work they do to keep gambling legal and honest in Washington
2. Enhance communication and information accessibility to improve service	<ul style="list-style-type: none">• Engage with licensees and tribal partners to discover how to make it easier to do business with us• Expand reach of WSGC communications• Update and modernize licensee training programs• Identify and remove barriers to increase accessibility of information



**STATE OF WASHINGTON
GAMBLING COMMISSION**

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

07 2023

Chanmalaty Touch
License No. 65-04600

Tab 2 – Placeholder



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

Jamestown S'Klallam Tribe Proposed Compact Amendment

Commission Meeting Hearing
July 20, 2023

Tina Griffin, WSGC Executive Director
Julie Lies, WSGC Tribal Liaison
Jeanine Sugimoto, WSGC Special Agent

Commissioners



Chair Alicia Levy



Vice Chair Julia Patterson



Bud Sizemore



Sarah Lawson



Anders Ibsen



Ex Officio Members



Senator
Steve Conway
29th District



Senator
Jeff Holy
6th District



Representative
Shelley Kloba
1st District



Representative
Skyler Rude
16th District



“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

Negotiation Topics

CASINO-STYLE GAMING ACTIVITIES

CRIMINAL AND CIVIL JURISDICTION

FEES FOR STATE REGULATION

REMEDIES FOR BREACH OF CONTRACT

STANDARDS OF OPERATION



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.”



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



Our Mission

Public Protection Interests



NO CRIMINAL INVOLVEMENT

**GAMING CONDUCTED FAIRLY,
HONESTLY**

**GAMING LIMITED TO AUTHORIZED
ACTIVITIES**

**MINIMIZE NEGATIVE IMPACTS ON
LOCAL LAW ENFORCEMENT,
EMERGENCY SERVICES**



Gaming Compact Approval Process

Compact negotiated by WSGC director



Direction from state policy makers



Compact submitted to Commission, Legislature

Legislature has 30 days to review and comment



Commission has 45 days to:
1) Hold public hearing;
2) Forward amendment to Governor; or
3) Return to director for further negotiation



Governor reviews and has final execution authority



Tribe forwards to Secretary of Interior

Summary of Compact Changes (Part 1)

- **Updates wager limits**
- **Adds problem gambling funding**
 - **Updates funding for charitable contributions**
- **Allows for extension of credit to qualified customers**



Electronic Table Games (Part 2)

Establishes a new framework for offering electronic table games:

Does not allow “play against the machine”

Played consistent with traditional table game

Nine (9) ETG stations = 1 traditional table

Wager limits = \$500

Played with an electronic wagering system

Joint TGA & SGA field testing

Problem & Responsible Gaming funding



Electronic Table Games

Joining Tribes



Cowlitz Indian Tribe



Nisqually Indian Tribe



Spokane Tribe



Suquamish Tribe





Jamestown S'Klallam Tribe: Proposed Amendment 8



Jamestown S'Klallam Tribe & 7 Cedars Resort



Moving towards self-reliance
with a focus on improved
programs, services and
opportunities for our people and
community



TRIBAL – STATE COMPACT
FOR CLASS III GAMING

BETWEEN THE

Jamestown S'Klallam Tribe

AND THE

State of Washington

Jamestown S'Klallam Tribe & Gaming

- The Jamestown S'Klallam Tribe and the State of Washington entered into a Class III gaming compact on February 19, 1993
- The compact has been amended multiple times to adapt to changes and modernize operations
- Tribal gaming revenue supports education, housing, natural/treaty resource protection, cultural programs, Elder & youth programs, public safety, Tribal court & emergency responders

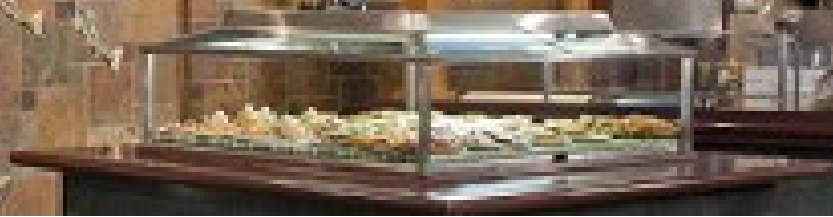


7 Cedars Resort Continues to Evolve











Art Gallery

GIFT SHOP

© 2000







Napoli's

Napoli's

• JAMESTOWN S'KLALLAM •
LONGHOUSE
▶ MARKET & DELI ◀



219.8
P





MULTIMEDIA GAMES

TOURNAMENT ZONE

FORTUNES

FORTUNES

多福多財
DUO FO DUO CAI



RAINFORREST

Casino

21 & Over

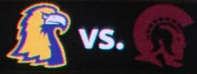


21 & Over

CEDARS SPORTSBOOK

UC Riverside vs. UC Davis

THU 5:00PT



vs. Tennessee Tech vs. Arkansas L.R.

THU 5:30PT



Previously Recorded

ROBINSON

TOR	121	1:3
NYK	115	OT

 Bulls vs Pistons Thursday 3P

 WNBA NEWS The WNBA announces that the first WNBA Canada Game will feature the Chicago Sky and Minnesota Lynx on Saturday, May 13, 2023, at Scotiabank

Go to 7Cedars.com NOW!
With \$2000 credit for Sportsbook (minimum deposit)

Game	Score
UC Riverside vs UC Davis	...
Tennessee Tech vs Arkansas L.R.	...

JAM KING



Jamestown's Perspective

“These new electronic products will bring in financial resources for the Tribe to provide more services to our Jamestown community on the Olympic Peninsula. This negotiation process demonstrates the respectful and meaningful government-to-government relationship between our tribe and the state. This compact amendment continues our well-regulated gaming operation in cooperation with the State of Washington.”



Tribal Gaming
Revenue Supports
Culture





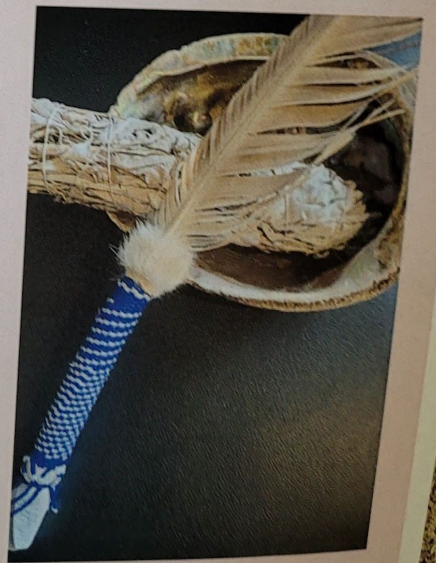


OPEN TO ALL
JAMESTOWN
COMMUNITY
MEMBERS (ALL
GENDERS/SEXES)
THAT HAVE BEEN
IMPACTED BY
VIOLENCE OR CRIME
THROUGHOUT THEIR
LIFE, INCLUDING
INTERGENERATIONAL
TRAUMA

SPONSORED BY OCVA

HEALING WITH CULTURE

10.27.2022



LIMIT 25 - RSVP TO:
KAYLA, KHOLDEN@JAMESTOWNTRIBE.ORG OR
DUSTIN, DBRENSKE@JAMESTOWNTRIBE.ORG
10A TO
LUNCH 2P AT



Tribal Gaming
Revenue Supports
Our Youth &
Education



Jamestown Picnic Site Excavation Findings

JAMESTOWN STATE UNIVERSITY













Tribal Gaming
Revenue Supports
Healthcare



808


JAMESTOWN FAMILY
HEALTH CENTER

CLINIC ENTRANCE







Let the Healing Journey begin



JAMESTOWN S'KLALLAM

HEALING
CLINIC







Tribal Gaming
Revenue Supports
Natural Resources



Dungeness River

Dungeness Bay













Tribal Gaming
Revenue Supports
Public Safety and
our Courts



Anita Lemley











Tribal Gaming
Revenue Supports
Community







INGENESS RIVER NATURE CENTER

DUNGENESS RIVER













LAKEMAN
SKALDITRIBE
The Strong People





Thank You

haʔnəŋ cən



Cowlitz Indian Tribe: Proposed Amendment 4



THE COWLITZ INDIAN TRIBE

Compact Hearing

**Greg Hitchcock,
Vice Chairman of The Cowlitz Indian Tribe**

The Cowlitz Indian Tribe History

Facts

- The Cowlitz Indian Tribe once encompassed 3,000 sq. miles of Southwest Washington
- The Cowlitz Tribe has over 4800 members and relies on gaming revenues and grants to provide services

Timeline

- 1854 – The federal government proposed a reservation for the Cowlitz Indian Tribe about six miles east of the Tribe's casino site
- 1855 – In treaty negotiations, the United States tried to persuade the Tribe to relocate to the Olympic Peninsula. The Tribe refused to leave
- 1863 – The Tribe's land was opened to non-Indian settlement by Executive Order
- 2000 – The Tribe reestablished its federal recognition
- June 16, 2014 – Governor Inslee signed the Cowlitz Tribe's gaming compact
- 2015 – The Tribe's application to establish a Reservation and obtain trust lands in Clark County was approved
- April 24, 2017 – The Tribe's casino, ilani, opened its door to the public
- April 24, 2023 – The Tribe added a hotel to the casino property



Programs & Services

- **Health** Services programs providing medical, mental health and substance abuse services to Native Americans in Western Washington at three sites (Vancouver, Longview and Tukwila).
- **Education** Department provides tuition assistance available to all tribal members.
- **Youth** Services programs including camps, gatherings and classes on tribal history and culture.
- **Housing** Department assistance for low income Tribal members through programs including services for renters and homeowners and Elder's apartments.
- **Natural Resources** programs work with Tribal and non-Tribal governments to conserve and restore culturally-relevant species and landscapes integral to the Cowlitz People.
- **Transportation** Department provides trips to medical appointments, shopping and social gatherings for the disabled, low income, or those without transportation within our service area.
- **Cultural Resources** Department maintains and restores the Tribe's culture, language, and history. Major activities include the Canoe journey, the annual Pow-wow, and the Tribal Drum Group.
- **Elders** Program assists tribal elders in maintaining quality of life, including meals, transportation, housing assistance and health services.



ilani



Cowlitz Crossing



Cowlitz Tobacco Outlet



Community Impact

- The Cowlitz Indian Tribe has spent millions on local community impacts:
 - \$38,000,000 in total compact and ordinance fees since 2017
 - \$40,000,000 spent on upgrading the I-5 interchange
 - \$15,000,000 spent on a Water Treatment facility for the reservation
 - \$4,500,000 spent on a sewer expansion for the City of La Center
- In addition to millions donated through the Cowlitz Indian Tribe's various funds, since its inception, ilani has directly contributed more than \$3,000,000 to charitable causes in the region.





Nisqually Indian Tribe: Proposed Amendment 5

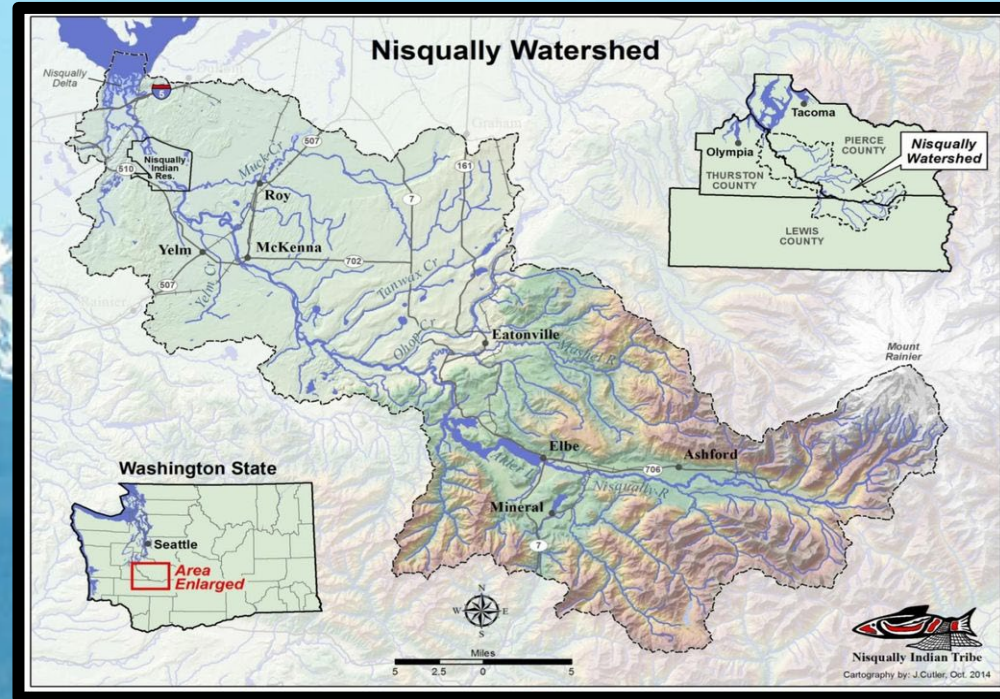


NISQUALLY INDIAN TRIBE

Gaming Compact Fifth Amendment, 2023

William Frank III, Tribal Council Chairman

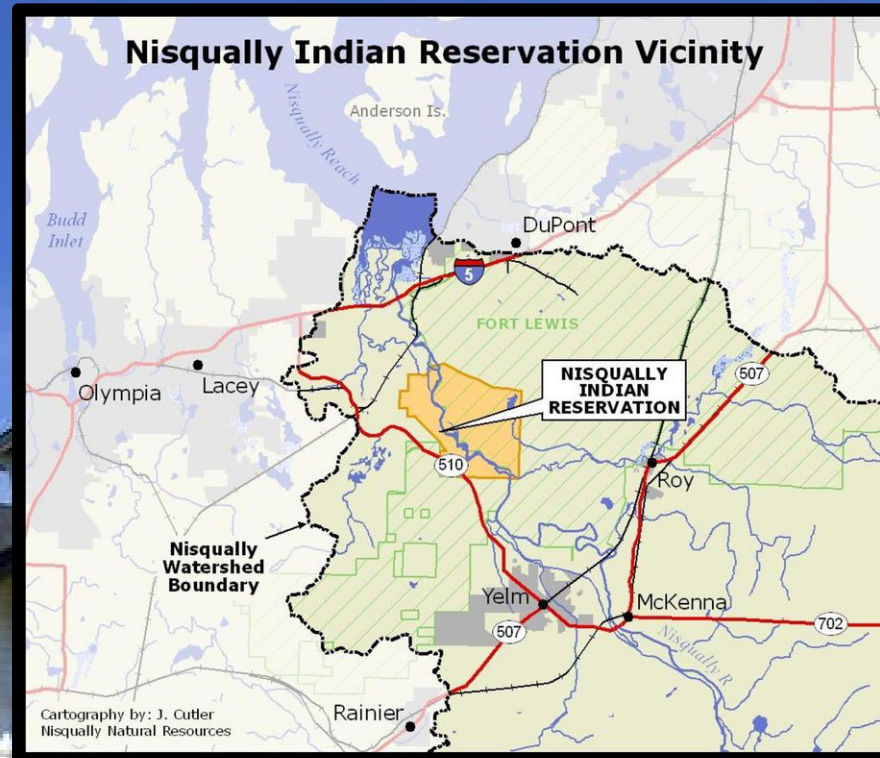
I. HISTORY OF THE NISQUALLY INDIAN TRIBE



- The Nisqually Indian Tribe has lived in the Puget Sound watershed since time immemorial
- Our original homeland had about 2 million acres that stretched from Mt. Rainier, along the watershed, to the Puget Sound
- We have always been a fishing people. Salmon not only serves as the mainstay of our diet, but also as the foundation of our culture



- The Medicine Creek Treaty of 1854 established a 1,280 acre Reservation in an undesirable rocky location away from the Nisqually River
- In 1856, an executive order enlarged the Reservation to about 4,700 acres
- In the winter of 1917, the U.S. Army ordered us from our homes without warning
- Pierce County then condemned about 3,300 acres of the Reservation and transferred it to the Army to expand Ft. Lewis



- Today, 3,300 acres of Nisqually Reservation lands remain part of Ft. Lewis, and are shown in orange to the east of the River
- The remaining 1,700 acres, which lies west of the River, is in a combination of Tribal ownership, individual Indian ownership and non-Indian ownership

II. HISTORY OF NISQUALLY GAMING



- The Nisqually Bingo Hall opened in 1992
- It set the stage for the opening of the Red Wind Casino in 1997



- Since opening in 1997, the Casino has expanded 3 times, including the 2015 expansion, which added a new two-story, 40,000 square foot wing
- Today, Red Wind has over 1,700 slots, 22 table games, Keno and dining amenities

III. GAMING REVENUE BENEFITS THE TRIBAL COMMUNITY

- The Tribe utilizes gaming revenues for a variety of purposes that benefit the Tribal community, including environmental stewardship and workforce development
- The Tribe has also utilized gaming revenues to develop and operate facilities and programs that serve the Tribal community:
 - Early Childhood Development Center
 - Elders Center
 - Youth Center
 - Tribal Police



- The Tribal Administration Building is 26,000 square feet and includes a unique roof line reminiscent of the native salmon, as well as an indoor water feature and handcrafted cedar art
- The building houses the Tribal Council, Financial Services, Legal, Planning, Operations and Security



- The Health and Wellness Center opened recently and is just under 50,000 square feet
- It allows the Tribe to offer a variety of health-related services, including a medical clinic, dental clinic, pharmacy, natural healing center and mental health services

IV. GAMING REVENUE BENEFITS THE NON-TRIBAL COMMUNITY

- The Nisqually Red Wind Casino has become an integral part of the community surrounding the Reservation
- Gaming revenues are used to provide operational funding for area non-profit organizations
- The Casino also participates in area business associations, chambers of commerce and economic development groups
- The Casino is fully committed to buying locally to support local vendors and service providers
- There is no doubt that the economic benefits and employment opportunities created by the Casino ripple throughout the South Sound region

V. CONCLUSION



- The amended Gaming Compact will allow the Tribe to remain competitive in an always-changing market
- It will allow the Tribe to continue to generate gaming revenues that benefit both the Tribal and non-Tribal communities
- Finally, I would like to thank the Committee for their time today and consideration on this amendment



Spokane Tribe: Proposed Amendment 4



Spokane Tribe of Indians
Greg Abrahamson, Chairman

SPOKANE INDIAN RESERVATION

R.35

R.36

R.37

R.38

R.39

R.40

T.29

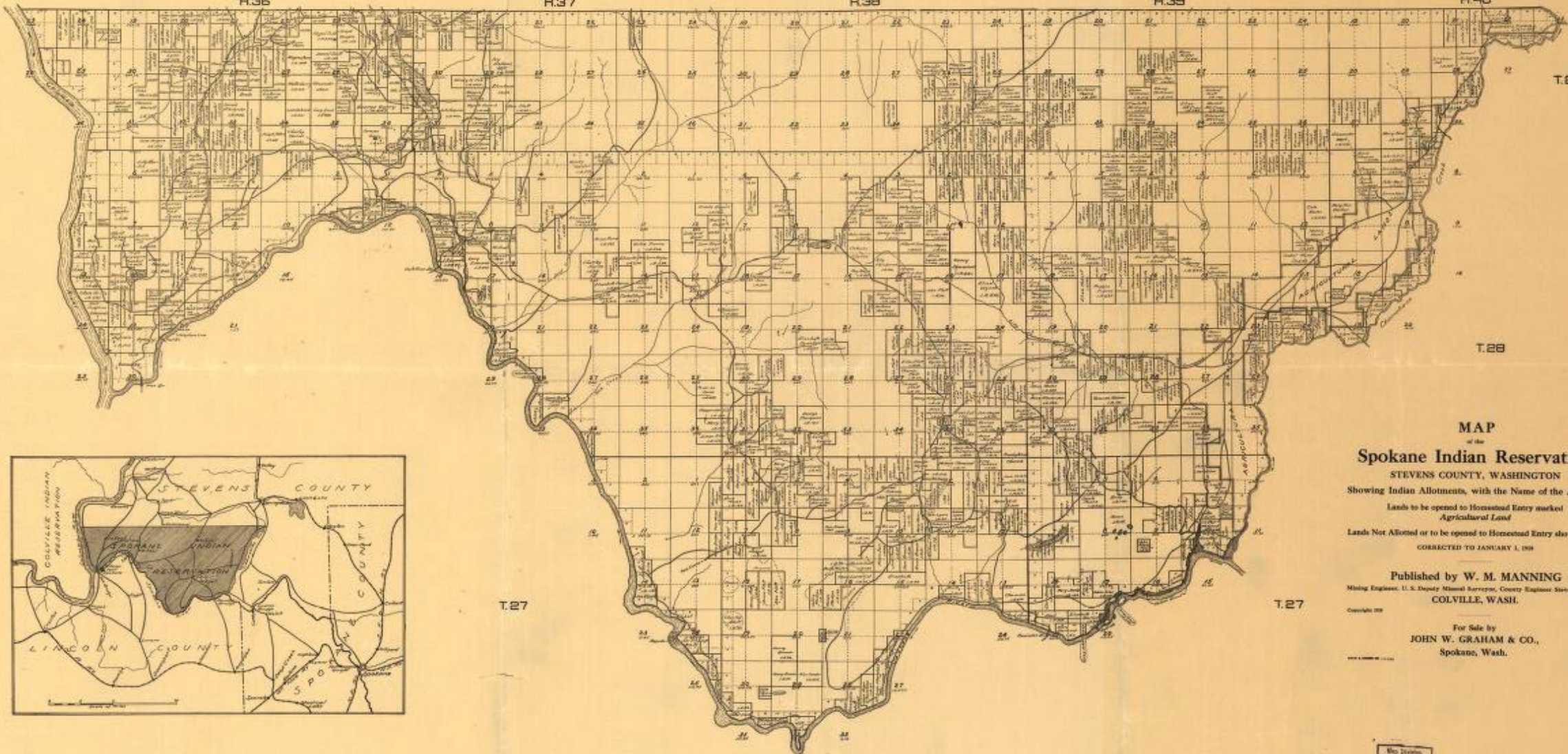
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MAP
of the
Spokane Indian Reservation

STEVENS COUNTY, WASHINGTON
Showing Indian Allotments, with the Name of the Allottees
Lands to be opened to Homestead Entry marked
Agricultural Land
Lands Not Allotted or to be opened to Homestead Entry shown *Mask*
CORRECTED TO JANUARY 1, 1909

Published by **W. M. MANNING**
Mining Engineer, U. S. Deputy Mineral Surveyor, County Engineer Stevens County
COLVILLE, WASH.

For Sale by
JOHN W. GRAHAM & CO.,
Spokane, Wash.

Buy Direct
MAP 24, 1909
Library of Congress

- 
- **2,988 Tribal Members**
 - **1,072 Total Employees:**
 - **475 Government Employees**
 - **145 Enterprise Employees**
 - **350 Employees at Spokane Tribe Casino
(City of Airway Heights, Spokane County)**
 - **102 Employees at Misteqwa Casino
(Stevens County - just south of City of Chewelah)**



Suquamish Tribe: Proposed Amendment 6

Sixth Amendment to Suquamish Tribe's Gaming Compact

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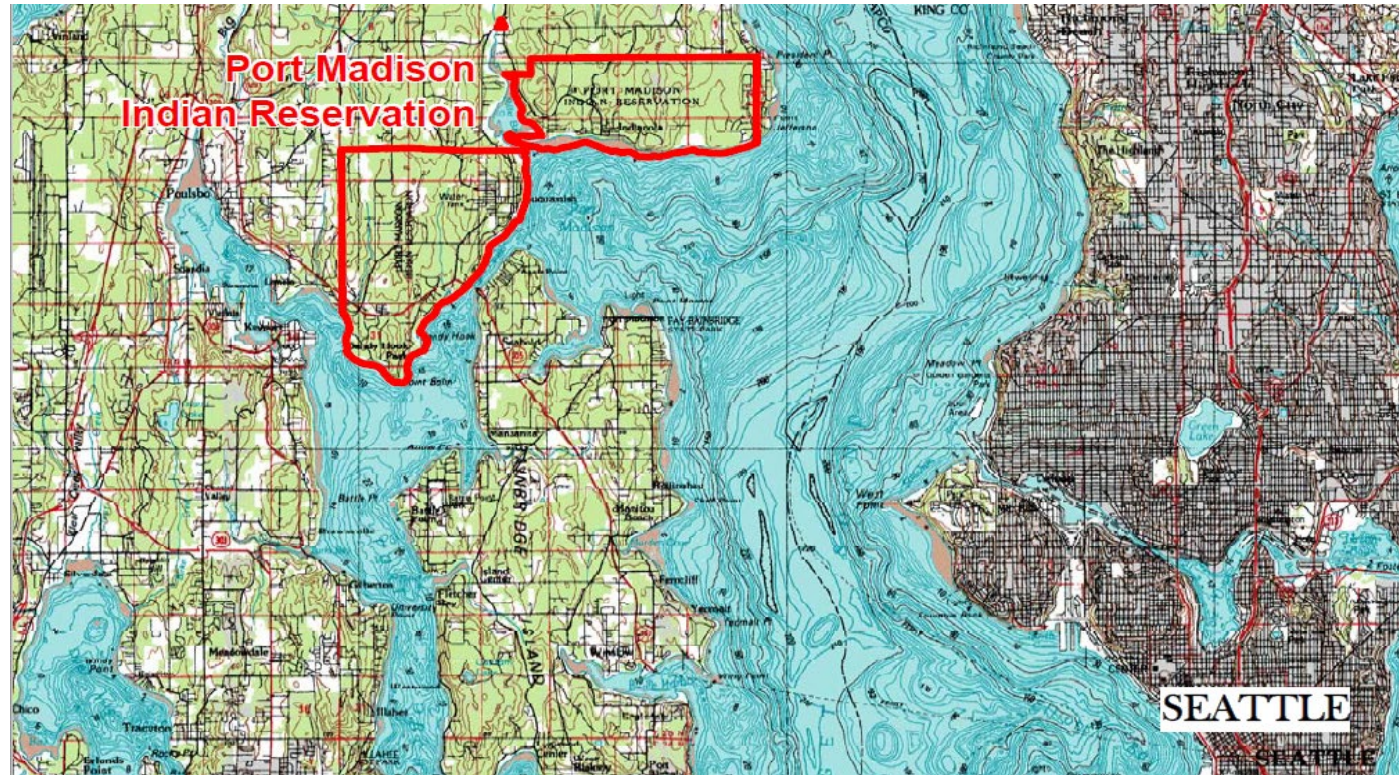
People of the Clear Salt Water

- The traditional language of the Suquamish People is Lushootseed
- Chief Seattle was signatory to the 1855 Treaty of Point Elliott on behalf of the Tribe
- The Suquamish had winter villages including those at Suquamish, Point Bolin, Poulsbo, Silverdale, Chico, Colby, Olalla, Point White, Lynwood Center, Eagle Harbor, Port Madison and Battle Point



Where Is the Port Madison Indian Reservation?

Port Madison Indian Reservation is in the Central Puget Sound Region of Washington State on the Kitsap Peninsula - just a 30-minute ferry ride from Seattle. The reservation is approximately 7,657 acres.



Port Madison Enterprises



- Clearwater Casino Resort
- With more than 700 employees, the Suquamish-owned company and its subsidiaries are the second-largest private employer in the greater Kitsap area
- PME offers competitive compensation packages, including medical, dental, vision, and 401(k) contributions

Benefits of Indian Gaming

Governmental gaming means that gaming dollars fund key governmental functions, including:

- Protection of Tribal Treaty Rights, including co-management of natural resources
- Elders Programs
- Wellness Center
- Tribal Housing
- Marion Forsman Boushie Early Learning Center, Chief Kitsap Academy, Youth and Fitness Center and scholarships for higher education
- Suquamish Museum
- House of Awakened Culture
- Tribal police and Tribal Courts



Benefits of Indian Gaming

In addition to funding key governmental functions and programs, Indian gaming revenue also benefits the local community and Washingtonians:

- Charitable & Community Contributions totaled over \$3,000,000 in the last five years alone.
- Our contributions include organizations like the Marvin Williams Recreational Center, Kitsap Regional Library, and Kitsap Community Foundation, including the Kitsap Strong Initiative.
- Regional health center, open to all community members

Responsible Gaming

- Evergreen Council on Problem Gambling contributions
- Suquamish Wellness Center
 - Holistic approach
 - Offers problem gambling services, including assessments, and individual, family, and group sessions
 - Free to all community members, including non-members of the Tribe

Thank You

Public Comments



Forward to governor for review & final execution

OR

Return to WSGC director for further negotiation



Next Steps-Vote

Jamestown S'Klallam Tribe



Tribal-State Compact Amendment 8

Limitations Appendix & Electronic Table Games Appendix

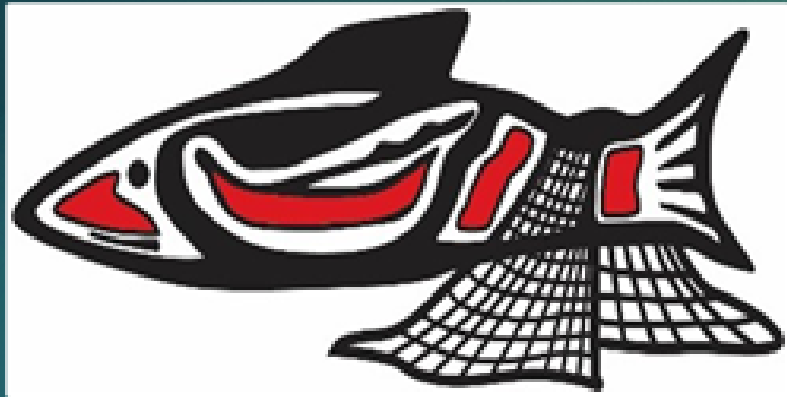
Cowlitz Indian Tribe



Tribal-State Compact Amendment 4

Electronic Table Games

Nisqually Indian Tribe



Tribal-State Compact Amendment 5

Electronic Table Games

Spokane Tribe



Tribal-State Compact Amendment 4

Electronic Table Games

Suquamish Tribe



Tribal-State Compact Amendment 6

Electronic Table Games



Washington State Gambling Commission

Financial Review and
23-25 biennium budget proposal

Kriscinda Hansen, Chief Financial Officer

Protect the public by ensuring that gambling is legal and honest.

Fiscal year to date revenue summary

Total Revenue by Category	Allotted	Actual	Variance
Activity Licenses - Commercial	6,341,803	5,975,794	(366,009)
Activity Licenses - Non-Profit	1,403,634	1,170,927	(232,707)
Individual Licenses	3,064,365	3,081,985	17,620
Vendor Licenses and fees	1,728,224	623,989	(1,104,234)
Sports Wagering	971,250	1,239,197	267,947
Expected revenue subtotal	13,509,276	12,091,892	(1,417,384)
Tribal Reimbursement	5,640,711	2,087,023	(3,553,687)
Other Sources (unexpected)	331,323	2,981,326	2,650,003
Total	19,481,310	17,160,242	(2,321,068)

Revenue year over year comparison

Not including fines or tribal reimbursement

	July	August	September	October	November	December
FY22	\$1,877,964	\$627,603	\$878,645	\$1,621,077	\$1,204,448	\$599,470
FY23	\$1,408,009	\$981,260	\$792,325	\$1,346,279	\$874,304	\$625,656
	(\$469,955)	\$353,658	(\$86,320)	(\$274,799)	(\$330,144)	\$26,186

	January	February	March	April	May	June*	Total
FY22	\$1,562,836	\$980,808	\$649,249	\$1,391,912	\$1,207,117	\$1,703,647	\$14,304,775
FY23	\$1,597,944	\$833,519	\$516,883	\$1,108,511	\$1,300,890	\$706,312	\$12,091,892
	\$35,108	(\$147,289)	(\$132,366)	(\$283,400)	\$93,773	(\$997,335)	(\$2,212,883)

*June 2023 data not yet complete

Expenditure year over year comparison

	July	August	September	October	November	December
FY22	\$1,134,923	\$1,164,510	\$1,163,968	\$1,231,967	\$993,544	\$1,104,713
FY23	\$1,132,536	\$1,164,934	\$1,189,348	\$1,272,693	\$1,272,662	\$1,178,250
	(\$2,387)	\$424	\$25,380	\$40,726	\$279,118	\$73,537

	January	February	March	April	May	June*	Total
FY22	\$1,137,206	\$1,039,463	\$1,169,508	\$1,147,380	\$1,228,991	\$1,318,531	\$13,834,705
FY23	\$1,398,085	\$1,235,647	\$1,334,085	\$1,307,630	\$1,080,986	\$1,153,818	\$14,720,673
	\$260,879	\$196,183	\$164,577	\$160,250	(\$148,005)	(\$164,713)	\$885,968

Note: blue font indicates increased expenditures

*June 2023 data not yet complete



Fund balance review

Fund balance as of end of May 2023	
May beginning balance	\$ 22,238,604
May revenue	\$ 1,445,791
SW loan repayment	\$ (3,131,297)
May expenditures	\$ (1,211,193)
Reserved funds	
Working capital reserve - OFM requirement	\$ (5,550,063)
IT Modernization* - \$9,100,000 minus expenditures to date	\$ (9,049,471)
Website redesign - \$300,000 minus expenditures to date	\$ (287,476)
Fund reimbursements	
Transfer from forfeiture funds to reimburse revolving fund	\$ 566,614
Available fund balance as of May 31, 2023	\$ 5,021,509

Tribal reimbursements for January – June 2023 were accrued in January 2023.

23-25 Budget request

Expenditure category	FY24	FY25	23-25 total
Personnel	\$ 12,625,929	\$ 13,033,204	\$ 25,659,133
Contracts	\$ 1,493,400	\$ 1,558,870	\$ 3,052,270
Goods and Services	\$ 1,823,130	\$ 1,922,830	\$ 3,745,960
Travel	\$ 433,023	\$ 436,680	\$ 869,703
Equipment	\$ 379,526	\$ 356,219	\$ 735,745
Grants and Benefits	\$ 16,500	\$ 17,820	\$ 34,320
Retention pay	\$ 90,000		\$ 90,000
Vaccine incentive	\$ 50,000		\$ 50,000
Overhead	\$ 2,846,612	\$ 3,131,273	\$ 5,977,886
Records Management System	\$ 300,000		\$ 300,000
Total	\$ 20,058,120	\$ 20,456,896	\$ 40,515,016
FTEs	114	114	





Rule Petition to Amend

WAC 230-15-140- Wagering limits for house-banked card games

JULY 2023 – Discussion and Final Action
APRIL 2023 – Discussion and Possible Action
MARCH 2023 – Discussion and Possible Action
FEBRUARY 2023 – Discussion Only
JANUARY 2023 – Discussion and Possible Filing
AUGUST 2022 – Initiate Rule Making
JULY 2022 – Rule-Making Petition Received

Tab 5: JULY 2023 Commission Meeting Agenda.

Statutory Authority 9.46.070

Who Proposed the Rule Change?

Vicki Christophersen, Representing Maverick Gaming in Kirkland, Washington

Background

BOLD = Changes made after April 2023 Commission Meeting.

Vicki Christophersen, representing Maverick Gaming, is proposing to amend WAC 230-15-140 as follows:

- Increase the maximum single wagering limit from \$300 to \$500 for all house-banked gaming tables. Provided that if the licensee has a “high limit room” they may increase the single wagering limit to \$1,000 for a select number of high limit tables as follows:
 - Cardrooms with 1-5 total tables – no more than 1 high limit table; or
 - Cardrooms with 6-10 total tables – no more than 2 high limit tables; or
 - Cardrooms with 11-15 total tables – no more than 3 high limit tables.
- Add a definition of “high limit room” meaning a clearly identified area of the gaming facility separated by a permanent physical barrier or a separate room in the gaming facility.
- Restrict access to high limit tables in the high limit room to only prescreened players and players who are not self-excluded from gambling or exhibit problem gambling behaviors.

The petitioner feels this change is needed for several reasons:

- To reflect current economic conditions and customer demand; and
- Wagering limits have not been increased since 2009 and operating costs have increased significantly since then; and
- Minimum wage has nearly doubled since 2009 and supply chain issues and inflation has had a negative impact on card room revenue; and
- To keep the wagering limits for card rooms fair and consistent with competitors, specifically Tribal casinos. Tribal compacts have been steadily amended to increase wagering limits at their casinos.

The petitioner feels the effect of this rule change will allow house-banked card rooms to compete on a more level playing field with Tribal casinos. The petitioner also believes the rule change will allow for the preservation of family wage jobs and economic contributions to the communities they are part of. Lastly, the petitioner feels that the rule change will provide increased tax collection for the local jurisdictions they operate house-banked card rooms in.

At the August 2022 meeting, Commissioners accepted a petition and chose to initiate rule making to amend WAC 230-15-140 related to wagering limits for house-banked card games. At the meeting, the

Commissioners expressed several questions they had and information they felt they needed before proceeding forward.

Before you in January 2023 were four draft language options to consider, in no particular order:

- Option A: Allows for wagering limits over the current maximum limit of \$300 but not to exceed \$500 under certain conditions. Conditions include: 1) limits over \$300 must be approved in internal controls; 2) only three tables are authorized to have limits greater than \$300; 3) the licensee must establish a designated space (i.e. a high limit room/area) for tables where limits over \$300 will be played; 4) problem gambling signage must be posted in the high limit room/area; and 5) verification that players are not on the self-exclusion list prior to them gambling at limits greater than \$300.
- Option B: Increases the maximum wagering limit from \$300 to \$500 for a single wager.
- Option C: Increases the maximum wagering limit from \$300 to \$400 for a single wager.
- Option D: Increases the maximum wagering limit from \$300 to \$500 for a single wager. In addition, it allows for wagering limits up to \$1,000 under certain conditions. Conditions include: 1) limits over \$500 must be approved in internal controls; 2) only three tables are authorized to have limits greater than \$500; 3) the licensee must establish a designated space (i.e. a high limit room/area) for tables where limits over \$500 will be played; 4) problem gambling signage must be posted in the high limit room/area; and 5) verification that players are not on the self-exclusion list prior to them gambling at limits greater than \$500.

At the January 2023 commission meeting, Commissioners filed Option B for further discussion.

At the February 2023 commission meeting, Commissioners directed staff to do additional research on the history of commission discussion and public commentary on wager limits and of the number of house-banked card rooms from 1997 to the present. In this package, staff provides a graphic representation of the number of house-banked card rooms from 1997 to the present.

At the March 2023 commission meeting, Commissioners deferred decision-making after staff provided research requested by Commissioners at the February 2023 meeting (relating to Commission discussion around the 2008 decision to increase maximum wagering limits and the history of the changed framework related to commercial stimulant in law and in rule).

At the April 2023 commission meeting, Commissioners directed staff to file amended language for consideration. Specifically, instead of increasing the maximum wagering limit from \$300 to \$500, Commissioners asked that the maximum wager limit be increased from \$300 to \$400. They also asked staff to initiate rule making regarding problem gambling signage and materials.

Attachments:

- Petition
- WAC 230-15-140
- **Option C as filed after April 2023 Commission meeting**

- Draft Language Options
- Transcript of the HBCR wager increase discussion from the August 2022 commission meeting
- Questions and WSGC responses from the August 2022 commission meeting
- Transcript of the HBCR wager increase discussion from the January 2023 commission meeting
- Transcript of the HBCR wager increase discussion from the February 2023 commission meeting
- Number of House-Banked Card Rooms from 1997 to present
- Historical overview of the definition and application of “commercial stimulant” (provided to commissioners at the March 2023 commission meeting)
- Discussion of 2008 HBCR Wager Increase petition (provided to Commissioners at the March 2023 commission meeting)
- **Transcript of HBCR wager increase discussion at March 2023 commission meeting**
- **Transcript of HBCR wager increase discussion at April 2023 commission meeting**

Stakeholder Feedback

On August 10, 2022, Tony Johns, General Manager of Chips/Palace Casino in Lakewood, WA, sent a letter to the Commission on behalf of Evergreen Gaming in support of the petition to raise wagering limits. The letter in question is attached in the Commission Meeting packet.

On September 28, 2022, staff held a stakeholder meeting to discuss the wagering limit petition. There were 14 participants from the gaming industry. The consensus was support for the petition to raise wagering limits for house-banked card games. No participant in the meeting was against raising wagering limits.

On September 28, 2022, staff held a meeting with tribal partners to discuss three outstanding petitions to include the wagering limit petition.

On October 26, 2022, the petitioner submitted two documents to the WSGC:

- Document titled “Follow up to questions posted by WSGC member to Maverick Gaming petition to increase wager limits.” Note: The petitioner submitted this document in response to the Commissioner’s questions at the August 2022 meeting.
- Document titled “A Brief History of Gambling in Washington State.”

Both documents referenced above are attached. WSGC staff has not independently verified the alleged facts contained in either document.

On December 1, 2022, the petitioner submitted an untitled document to the WSGC describing various wagering limits for different states. The document is attached. WSGC staff has not independently verified the alleged facts contained in the document.

Further stakeholder and Tribal partner outreach will occur following the filing of the rules for further discussion.

On January 27, 2023, we received an email from Jerry Howe, owner of Wild Goose Casino in Ellensburg, in support of the petition.

On February 13, 2023, staff held a stakeholder meeting to discuss the wagering limit petition, as well as two staff-initiated rules changes. There were 48 participants from the gaming industry as well as the nonprofit sector. The consensus was support for the petition to raise wagering limits for house-banked card games. No participant in the meeting was against raising wagering limits.

On February 13, 2023, staff held a meeting with Tribal partners to discuss the wagering limit petition, as well as two staff-initiated rules changes. Discussants felt \$500 was an excessive limit that did not correlate to the definition of “commercial stimulant” in RCW 9.46. There was interest in understanding how this provision was applied after licensure.

On February 17, 2023, we received an email from Kris O. Murray in support of the petition.

On February 24, 2023, we received a letter from Michael D. McKay of K&L Gates, on behalf Maverick Washington LLC, in support of the petition.

At the April 11, 2023 Commission meeting, the petitioner, Vicki Christophersen, thanked Commissioners for the thoughtful work they were doing on this petition. She reminded Commissioners that the card rooms have not complained or opposed the proposed fee increase or the increase in the problem gambling contribution. She also noted that, when the Commission raised wager limits in 2008, the Legislature did not react. In fact, if you look at the history of gaming legislation, every time the Legislature takes up house-banked card rooms, it is to give them more, not to restrict them. Card rooms make positive contributions to our communities. They provide good jobs, and they conduct business responsibly, all while dealing with two increases: inflation and the rising minimum wage. The house-banked card rooms provide a safe and amusing activity for the community.

On June 29, 2023, the Commission received a letter from the Washington Indian Gaming Association addressed to Chair Levy and copied to all Commissioners, Ex-Officios, the Governor, the Attorney General, and several staff members of the Gambling Commission, the Governor’s office, and the Attorney General’s office. The letter expressed opposition to the petition on the grounds that it is not in line with the legislative intent of the Gambling Act.

On July 5, 2023, Cory Thompson, formerly working in the industry, sent an email opposing the petition.

On July 17, 2023, Curt Holmes, Vice Chairman of the Kalispel Tribe, sent a letter to Commissioners laying out their arguments against the petition.

Attachments:

- Stakeholder Letter
- Documents submitted by Maverick Gaming (3)
- Email from Jerry Howe
- Email from Kris O. Murray
- Letter from Michael D. McKay of K&L Gates, on behalf of Maverick Washington, LLC
- **Letter from Washington Indian Gaming Association**
- **Email from Cory Thompson**
- **Letter from Curt Holmes, Vice Chairman, Kalispel Tribe**

Policy Considerations

Pursuant to RCW 9.46.070 (11), the Commission has the power and authority to “*establish the type and scope of and manner of conducting gambling activities authorized by this chapter, including but not limited to, the extent of wager, money, or thing of value which may be wagered or contributed or won by a player...*”

RCW 9.46.0282 defines a “social card game” as a “*card game that constitutes gambling and is authorized by the Commission under RCW 9.46.070.*” Authorized card games include house-banked games. Furthermore, RCW 9.46.0282 states that “*the card game must be played in accordance with the rules adopted by the commission under RCW 9.46.070, which shall include but not be limited to rules for the collection of fees, limitation of wagers and management of player funds.*”

Pursuant to RCW 9.46.0282, the number of tables in a card room shall not exceed a total of fifteen separate tables. The petitioner is not requesting to operate more than fifteen tables. Rather, the petitioner is requesting that the wagering limits be increased from \$300 to \$500 on all tables with the ability to raise limits to \$1,000 for a select number of high limit tables.

House-banked card rooms opened in 1997 where wagering limits for games were set at \$25. In 2000, wagering limits increased to \$100, in 2004 to \$200, and lastly in 2009 to the current limit of \$300.

In 2016, the Commission received a petition from the Recreational Gaming Association (RGA) requesting the Commission to increase wager limits to \$500 that would match the limits of Tribal gaming operations at that time. The Commission accepted the petition for further discussion, but the RGA eventually withdrew their request after hearing Commissioner concerns about increasing the wager limit and problem gambling.

In January 2022, the Commission received a petition from Tim Merrill with Maverick Gaming requesting the Commission to increase wagering limits to \$500 with the ability to raise the limit to \$1,000 on 25% of tables. The petition was withdrawn by Tim Merrill prior to the Commissioners taking any action.

Additional rulemaking will be needed to address policy concerns, new definitions, and possible new requirements.

At the February meeting, Commissioners asked staff to provide rule language on problem gambling signage for consideration. It should be noted that presently RCW 9.46.071(1)(b) explicitly requires signage directed at individuals with a gambling problem or gambling disorders: “The Washington state gambling commission, the Washington horse racing commission, and the state lottery commission shall jointly develop problem gambling and gambling disorder informational signs which include a toll-free hotline number for individuals with a gambling problem or gambling disorder. The signs shall be placed in the establishments of gambling licensees, horse racing licensees, and lottery retailers.”

As the current petition relates to wager limits, and the Commissioners have a separate, but related, interest in detailed rules related to problem gambling signage in house-banked card rooms, one option would be for the Commissioners to initiate rule making for problem gambling signage separate from this rules petition. The benefit of having a separate rule for problem gambling signage is that the new rule could apply to licensees other than house-banked card rooms.

Staff offer potential language for a new rule in the attachments of this rule package (see Proposal for amended language to file for discussion).

Attachments:

- Transcript for January 2023 Commission Meeting
- Transcript for August 2022 Commission Meeting
- Summary of Questions
- Summary of the 2016 RGA Petition to Increase HBCR Wager Limits to \$500
- History of Laws and Rules
- Chain Inflation Document
- Proposal for amended language to file for discussion
- **WSGC Annual Gambling Activity Report – FY 2021**
- **Historical Evidence for Increased Wager Limits Stimulating Sale of Food & Beverage**

Problem Gambling Implications

Staff reached out to the Evergreen Council on Problem Gambling for feedback and/or for further resources to determine the impacts of problem gambling should table game wager limits be increased. As of December 29, 2022, no feedback had been received indicating increasing wager limits would impact those who had a problem with gambling.

Staff reviewed the Massachusetts Gambling Impact Cohort Study of April 16, 2021, entitled “A Six-Year Longitudinal Study of Gambling and Problem Gambling in Massachusetts” and the “New Zealand National Gambling Study Wave 4 (2015) Report Number 6” from March 29, 2018, for information on the impact of higher table game wager limits on players who have a problem with gambling.

Neither report indicated that higher table game wager limits were predictors of problem gambling.

The studies can be found at:

- https://massgaming.com/wp-content/uploads/MAGIC-Six-Year-Longitudinal-Study-of-Gambling-and-Problem-Gambling-in-Massachusetts_Report-4.16.21.pdf
- https://phmhri.aut.ac.nz/_data/assets/pdf_file/0019/193123/Final-Report-National-Gambling-Study-Report-6-29-March-2018.pdf

Staff Recommendation

Your options are to:

- 1) **Take final action;**
- 2) **Deny the petition in writing, a) stating the reasons for the denial, specifically addressing the concerns stated in the petition, or b) indicating alternative means by which the agency will address the concerns raised in the petition.**

OPTION C

AMENDATORY SECTION (Amending WSR 21-11-057, filed 5/14/21, effective 6/14/21)

- WAC 230-15-140 Wagering limits for house-banked card games.** (1)
A single wager must not exceed (~~three hundred dollars~~) \$400.
- (2) A player may make a single wager for each decision before the dealer deals or reveals additional cards. Wagers must be placed on the table layout on an approved betting spot, except for:
- (a) In Blackjack games, players may place an additional wager next to their original wager when doubling down or splitting pairs; or
 - (b) Tip wagers made on behalf of a dealer; or
 - (c) As authorized in approved card games rules.



P.O. Box 39
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kalispeltribe.com

July 17, 2023

Washington State Gambling Commission
PO Box 42400
Olympia, WA 98504-2400

Re: Why The Proposed Rule Petition To Amend WAC 230-15-140 Must Be Rejected

Dear Commissioners,

On behalf of the Kalispel Tribe, thank you for the opportunity to offer the following comments to the Washington State Gambling Commission (WSGC) regarding the proposed Rule Petition to Amend WAC 230-15-140 by increasing the wager limit in licensed cardrooms from \$300/hand to \$400/hand. The Kalispel Tribe supports and signed onto a letter of opposition from the Washington Indian Gaming Association, but we consider it important to add the following comments for your consideration.

We submit this letter to point out that this Rule Petition would violate the plain language and ordinary meaning of RCW 9.46.070, read as a whole, which clearly limits the authority of the WSGC to increase wager limits to only those commercial businesses "...primarily engaged in the selling of items of food or drink for consumption on the premises..." and for no others. Since the WSGC's own published data demonstrates that the licensed cardrooms in our state are not at present primarily engaged in the selling of food or drink for on-premises consumption, this Rule Petition asks the WSGC to authorize a wager limit increase that violates the agency's statutory authority and therefore must be rejected.

Statutory "Primarily Engaged" Requirements Have Been Largely Ignored So Far

During the several public discussions among WSGC Commissioners and staff regarding the proposed wager limit increase, very little attention has been given to the patently clear limitations of RCW 9.46.070(2), which specifically defines those commercial entities for which the WSGC is authorized to issue gaming licenses and which are subject to the rules and regulations adopted by the WSGC: "...any person, association, or organization operating a business primarily engaged in the selling of items of food or drink for consumption on the premises..."

Other provisions of the state Gambling Act (RCW 9.46 *et seq.*) have received considerable attention by the proponents of this Rule Petition and in the public comments by WSGC Commissioners and staff, particularly those regarding the general authority of the WSGC to set wager limits (RCW 9.46.070(11)) and the 1994 relaxation of statutory limitations on the definition of “commercial stimulant” in RCW 9.46.0217. While these other provisions are relevant to the debate over this Rule Petition, they are not dispositive. Even if this Rule Petition satisfies every other condition precedent to approval by the WSGC, which is debatable, the fact that this Rule Petition clearly fails to meet the “primarily engaged” requirements of RCW 9.46.070(2) means that this Rule Petition falls outside the legal boundaries set in the Gambling Act and therefore must be rejected by the WSGC.

The WSGC Must Give “Full Effect” To The “Primarily Engaged” Requirement

One of the cardinal rules of statutory construction is that state agencies must give full effect to all of the statutory conditions which define agency authority and may not choose to ignore any legislative provisions which set limits and boundaries on agency actions. The Washington Supreme Court has consistently held that statutes must be interpreted and construed such that all the language used is given effect, with no portion rendered meaningless or superfluous.

The oft-cited holding from *Whatcom County v. City of Bellingham* succinctly defines this longstanding principle of statutory construction:

"Statutes must be interpreted and construed so that all the language used is given effect, with no portion rendered meaningless or superfluous." *Associated Press v. Washington State Legislature*, 194 Wash.2d 915, 920, 454 P.3d 93, 96 (2019) (quoting *Whatcom County v. City of Bellingham*, 128 Wash.2d 537, 546, 909 P.2d 1303, 1308 (1996)).

This Rule Petition Would Render “Primarily Engaged” Requirement Meaningless

Even if the WSGC is sympathetic to the arguments made by petitioners regarding inflation or economic conditions or other factors, the WSGC must nonetheless give full effect to the “primarily engaged” requirements set by the Washington State Legislature in the Gambling Act. The fatal flaw in the proposed Rule Petition to raise the wager limits for commercial cardrooms is that such an action by the WSGC at the present time would render meaningless and superfluous the statutory requirement in RCW 9.46.070(2) that such commercial cardrooms be primarily engaged in the business of selling food and drink for consumption on premises – since data published in the annual reports of the WSGC demonstrate that the cardroom licensees, at the present time and in all recent times, are primarily engaged in the business of conducting gaming, with food and beverage a secondary line of business.

The Meaning Of “Primarily Engaged” Is Clear And Unambiguous

There is only one reasonable interpretation of the meaning of the “primarily engaged” language, which is that total gross sales of food or drink for on-premises consumption must be equal to or greater than all other combined sales from other activities. The WSGC came to this very conclusion in in 2008, through the adoption of WAC 230-03-175 defining the term “primarily engaged in the selling of food or drink for consumption on premises” to mean “...total gross sales of food or drink for on-premises consumption equal to or greater than all other combined gross sales, rentals, or other income-producing activities which occur on the business premises when measure on an annual basis.”

No matter how other sections of the Gambling Act are read and interpreted, the WSGC may not lawfully render the "primarily engaged" language of RCW 9.46.070 as meaningless or superfluous, as they will be doing if they increase wager limits (and thus gaming revenues) for commercial businesses that are already *not* primarily engaged in the business of selling food and drink for consumption on the premises.


Future Rules Petitions Might Be Lawful, But Not This One

A wager limit increase for commercial cardrooms might be lawful at some future time, when cardroom licensees are in compliance with statutory requirements for being primarily engaged in the business of selling food or beverage for on-premises consumption. But that is not the situation at the present time.

At the present time, with the current statutory language and current legal precedents, any request for the WSGC to raise the wager limit for commercial businesses not primarily engaged in the selling of food and drink for on-premises consumption is clearly beyond the authority granted to the agency by the Washington State Legislature in the Gaming Act, and the WSGC is therefore legally obligated to reject the proposed Rule Petition currently under consideration.

Thank you for the opportunity to share these comments on the proposed Rule Petition.

Sincerely,



Curt Holmes
Vice Chairman, Kalispel Tribe

McLean, Lisa (GMB)

From: Cory Thompson <crapsdlr@gmail.com>
Sent: Wednesday, July 5, 2023 1:15 PM
To: McLean, Lisa (GMB)
Cc: Mentzer, Damon (GMB)
Subject: Re: Upcoming WAC Rule Discussions
Attachments: image001.png

Follow Up Flag: Follow up
Flag Status: Flagged

External Email

I'm opposed to any expansion of card room gambling. After leaving the industry I worked in for nearly 30 years, the amount of family destruction it causes in Washington state wears on me.

On Wed, Jul 5, 2023, 10:50 AM McLean, Lisa (GMB) <lisa.mclean@wsgc.wa.gov> wrote:

G'morning –

You are receiving this email because you are in our database as a licensed house-banked card room operator.

Please be informed that the Washington State Gambling Commission will consider three rules packages related to house-banked card room operations at the upcoming Commission meeting on July 20-21, 2021.

Rule packages on the agenda include:

1. House-banked card game wager limits – Final action on proposal to increase wager limit
2. Progressive Jackpots – Potential final action on proposal to allow licensees to connect more than one progressive jackpot on different games.
3. Ticket-in Ticket-out (TITO) – Potential filing of attached new and amended rules to allow for the use of TITO machines at house-banked card rooms.

More information about these rules can be found at [Rules | Washington State Gambling Commission](#). The final agenda for the Commission meeting and details about how to join the meeting will be published by July 17 and can be found at [Public Meetings | Washington State Gambling Commission](#). Comments on the rules can be made at the meeting or by filling out a webform at [Request for Public Comment | Washington State Gambling Commission](#).

With best regards,

Lisa

Lisa C McLean

Legislative and Policy Manager

Washington State Gambling Commission

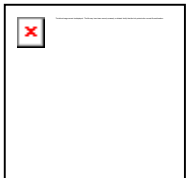
P.O. Box 42400

Olympia, WA 98504

Office: (360) 486-3454

Cell: (360) 878-1903

lisa.mclean@wsgc.wa.gov





June 29, 2023

Alicia Levy, Chair
Washington State Gambling Commission
P.O. Box 42400
649 Woodland Square Loop
Olympia, WA 98504

Re: Opposition to Maverick petition for increased wagering limits

Dear Chair Levy,

As we have reiterated to Commissioners and WSGC staff at our prior government-to-government meetings, it is not typical for tribes, or the Washington Indian Gaming Association (“WIGA”), to engage with Commissioners and the WSGC staff through your public meeting process. As you know, the Centennial Accord, as codified in RCW 43.376.020, as well as the WSGC’s Tribal Relations policy, require that the WSGC engage with tribes on a government-to-government basis. However, we feel that our concerns raised in that forum have not been adequately heard, that the hundreds of pages of record and testimony on this petition have been confusing in some regards and insufficient in others, and the record would benefit from some additional perspective and clarification.

Therefore, on behalf of WIGA, we submit this letter for the public record in opposition to Maverick Gaming’s rulemaking petition to increase wagering limits for house-banked card rooms (WAC 230-15-140). Maverick’s position that “[s]ince 1974 – and especially since the opening of the first Tribal casinos in Washington – the Legislature has made multiple updates to the definition of social card games in statute so that they are now operated as primary for-profit commercial businesses, often with a corresponding secondary business of food and drink” provides an inaccurate and incomplete picture of the gaming landscape in Washington.

The Legislature Allowed Limited Gambling to Promote the “Social Welfare” of Washington Citizens Through Strict Regulation and Control

As discussed in prior government-to-government meetings, the State of Washington has a complicated history and relationship with gambling. As such, only with much caution, did the Legislature wade into legalized gambling. The Gambling Act—and every provision thereof—must be read in light of that history and the express legislative declaration behind it:

The public policy of the state of Washington on gambling is to keep the criminal element out of gambling and to promote the social welfare of

the people by limiting the nature and scope of gambling activities and by strict regulation and control.¹

It is hereby declared to be the policy of the legislature, recognizing the close relationship between professional gambling and organized crime, to restrain all persons from seeking profit from professional gambling activities in this state; to restrain all persons from patronizing such professional gambling activities; to safeguard the public against the evils induced by common gamblers and common gambling houses engaged in professional gambling; and at the same time, both to preserve the freedom of the press and to avoid restricting participation by individuals in activities and social pastimes, which activities and social pastimes are more for amusement rather than for profit, do not maliciously affect the public, and do not breach the peace.

...

The legislature further declares that the conducting of bingo, raffles, and amusement games and the operation of punchboards, pull-tabs, card games and other social pastimes, when conducted pursuant to the provisions of this chapter and any rules and regulations adopted pursuant thereto, are hereby authorized...

See RCW 9.46.010.

Gambling Is Authorized to Stimulate Food and Beverage Revenues for Bars and Restaurants

“Social card games”—both when first authorized by the Legislature in 1974 and today—have only ever been authorized as a “commercial stimulant” for bars and restaurants. See Act of February 12, 1974, ch. 135, 1974 Wash. Sess Laws 379, 387. In 1977, the Legislature first incorporated a definition for “commercial stimulant” into the Gambling Act, providing that an “activity is operated as a commercial stimulant . . . only when it is an incidental activity operated in connection with, and incidental to, an established business, with the primary purpose of increasing the volume of sales of food or drink for consumption on that business premises.” See Act of May 24, 1977, ch. 326, 1977 Wash. Sess. Laws 1251.

The Legislature likewise amended the Gambling Act’s authorization of social card games to incorporate this definition, specifying that businesses were authorized to conduct social card games as commercial stimulants, but only if they were an “established business primarily engaged in the selling of food or drink for consumption on the premises.” *Id.* at 1257. The Legislature empowered WSGC to establish rules, guidelines, and criteria for applying this definition to businesses seeking commercial stimulant gambling licenses. *Id.* at 1259.

¹ This paragraph was added to the intent section of the Gambling Act in 1994. See 2SHB 53-2228 at 2 (Wa. 1994).

WIGA letter to WSGC Chair Levy

Re: Opposition to Maverick petition for increased wagering limits

June 29, 2023

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In 1994, the Gambling Act was amended to remove the requirement that gambling be “incidental” to an established food and drink business and that the gambling be for the “primary” purpose of increasing food and beverage sales. See Act of March 28, 1994, ch. 120, 1994 Wash. Sess. Laws 593. **This change was not undertaken to level the playing field with tribes or to change the nomenclature of the Gambling Act from “social card room” to “mini-casino.”** Rather, as noted in the house, senate, and final bill reports, it was done simply to “streamline” the reporting requirements for the 2,300 restaurants and taverns offering social gaming to ease the administrative burden on “both the operators and the commission,” but only “to the extent this can be accomplished consistently with the public policy of the state toward gambling,” i.e., to “keep the criminal element out of gambling and to promote the social welfare of the people by limiting the nature and scope of gambling activities and by strict regulation and control. See HB 53-2382 at 1-2 (Wa. 1994).

While the “incidental” language was removed from the definition of commercial stimulant, the provision of the Gambling Act that authorizes social card games (RCW 9.46.0325) has not changed. Washington State law continues to provide that only businesses “primarily engaged” in the selling of food or drink for on-premises consumption are eligible for commercial stimulant gambling licenses. See RCW 9.46.070(2) (WSGC has the power “[t]o authorize and issue licenses for a period not to exceed one year to any person, association, or organization operating a business primarily engaged in the selling of items of food or drink...to conduct social card games as a commercial stimulant in accordance with the provisions of this chapter and any rules and regulations adopted pursuant thereto”). And importantly, **the law continues to require that gambling operated by such businesses be conducted for the “purpose of increasing the volume of sales of food or drink,” not simply for increasing the gambling revenues of the business.**

Then, in 1997, the Legislature authorized house-banked card games. See Act of April 9, 1997, ch. 118, 1997 Wash. Sess. Laws 626. While this bill expanded the types of social card game conduct that players and operators could engage in, it did not alter the legislative intent statements of the Gambling Act or its requirement that only businesses primarily engaged in selling food or drink for on-premises consumption were eligible for house-banked card room licenses to stimulate the sale of food and drink. Had the Legislature intended to do away with the concept of “commercial stimulant,” or to license entities whose food and drink sales were secondary to gambling or other activities, or to level the playing field with tribes, it would have added language to the intent section or struck the “commercial stimulant” requirement for house-banked card room applicants. Even prior petitioners advocating for increased wagering limits have acknowledged that such limits must be viewed through the lens of what the “public [should have] access to as a level of gambling to keep it a social pastime.” See May 2008 Transcript Excerpt on Item 13.

Since that time, the WSGC has steadily revised its rules, in part arising out of HB 2382 and the rules simplification project, to reduce administrative burdens on its licensees and its staff. While a laudable goal, and notwithstanding what WSGC may have done

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Re: Opposition to Maverick petition for increased wagering limits

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with its own rules, the Legislature has not revised the intent of the Gambling Act or the requirement that gambling must be for the purpose of stimulating food and drink sales. And, even Petitioner admits that in their best case, food and beverage revenue is 30% of any one card room's revenue. See August 2022 Commission meeting transcript. This transformation of gambling to the primary position is simply not what the Legislature envisioned when authorizing house-banked card rooms as a "commercial stimulant" to food and drink sales.

Increasing Wager Limits to This Level Is Out of Step with the Legislature's Intent

To be clear, we are not asserting that WSGC does not have the authority to set wagering limits. See RCW 9.46.070(11). However, stopping the legal inquiry there overlooks the fact that the Legislature placed limits on that authority, and misses the essential point: all wagering limits must be consistent with the Gambling Act's provisions and legislative intent. See, e.g., RCW 9.46.010 ("strict regulation and control"; allow "participation by individuals in activities and social pastimes"). This principle has been expressly acknowledged in the course of prior wager increases. See, e.g., August 2008 Transcript on Item 7 (Agent Harris noting, in presenting a rule proposal to increase wager limits from \$200 to \$500 that "[t]he Commission may wish to consider whether or not the proposal is consistent with the legislative intent expressed in RCW 9.46.010").

When first authorized, the wagering limit for house-banked card rooms was \$25. That has steadily marched upward to \$300 today. As recently as 2016, card rooms sought to increase wagering limits, citing many of the same reasons petitioner cites now:

- Current economic conditions and customer demand;
- The length of time since a prior increase;
- Supply chain issues and increasing operating costs;
- Significant increase in minimum wage;
- Negative impacts on card room revenue; and
- To keep the wagering limits for card rooms fair and consistent with competitors, specifically Tribal casinos.²

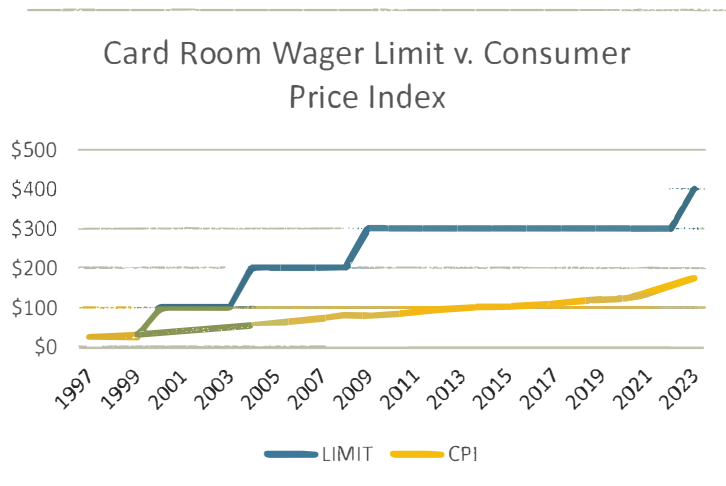
² As already pointed out by commissioners in prior WSGC meetings, petitioner's assertion that the WSGC should "level the playing field" between house-banked card rooms and tribal casinos, like arguments of prior petitioners, is misguided. Tribal casinos and their offerings derive from an entirely different legal framework than card rooms. To suggest that there is any legal obligation to keep them on equal footing fundamentally misunderstands the historical basis of tribal gaming, the Indian Gaming Regulatory Act, and subsequent compacts and case law. While petitioner may choose to advance such arguments in the courts, they should continue to be dismissed by the Commission here as they were in the past. See May 2008 Transcript Excerpt on Item 13 (Director Day states "And IGRA does have a substantial policy difference, and we covered that yesterday in the Compacting process; that in fact under IGRA economic development and funds to government and those kind of things are part of the federal policy that governs the operation and negotiation of those Compacts, as opposed to the RCW which governs the operation of the laws and licensed gambling in the State of Washington. So there is a policy difference there. It comes from two different sides of the equation.")

Compare April 2023 Commission Meeting Agenda, Tab 7 with September Transcript Excerpt on Item 7. **None of the reasons provided by the Petitioner then related to the promotion of food and beverage sales, i.e., as a “commercial stimulant” for its primary business.** Ultimately, the petitioner withdrew their request after hearing Commissioner concerns about increasing the wager limit in light of keeping card games as the social pastime the Legislature intended and about problem gambling. See WSGC’s Response to Question 1 from the August 2022 Commission Meeting.

Yet, this petitioner asks for the same thing now, citing many of the same reasons. And again, none of those reasons discuss gaming as a “commercial stimulant” to the Petitioner’s food and drink sales. Possibly because the Petitioner’s patrons playing at a table with \$400 wagering limits are receiving complimentary food anyway. And more likely because card rooms incorrectly consider themselves “mini-casinos” where the restrictive legislative history of the Gambling Act does not apply, arguing that this Commission’s job is not to regulate gambling to ensure it is fair and honest, but is to make sure that its licensees enjoy financial success, irrespective of the Legislature’s mandate and stated policy priorities.

Increasing Wagering Limits to This Level Would Far Outpace Inflation

Even if the Petitioner’s cited economic conditions were compelling reasons to raise limits, as can be seen from the chart below, **the wagering limits to date, especially if increased to \$400, would significantly exceed the pace of inflation and increases in wages**—as measured below through the consumer price index (“CPI”).³ While the petitioner chooses to use 2008’s \$300 wager limit as its benchmark, in order to evaluate the impact of inflation correctly it is necessary to compare wager increases with inflation over the full history of authorized house-banked card games in Washington, beginning with the original \$25 wager limit.



³ The Consumer Price Index is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services. To populate chart in this letter, data and information related to changes in the CPI were pulled from the U.S. Bureau of Labor Statistics’ website: <add here> (last accessed on May 3, 2023).

WIGA letter to WSGC Chair Levy

Re: Opposition to Maverick petition for increased wagering limits

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The data clearly show that card rooms have already obtained wager increases in excess of inflation, as measured by CPI, and that there is little justification for the Commission to continue that practice. As can be seen from the chart above, current limits are still far above what CPI would dictate, and the Commission should not further entertain wagering increases as necessary to address concerns about inflation, at least until CPI catches up to the current limit.

Information already provided in the record shows no bump in the number of card rooms after the prior increase from \$200 to \$300 in 2008. See March 2023 Commission packet, "House-Banked Card Rooms 1999 to 2022. In fact, after implementation of the higher limits, the number of card rooms declined from 80 in 2009 to 71 in 2010. House-banked card rooms have instead consolidated—Petitioner owns 22 of the 39 operating card rooms today—as WSGC has increased limits and reduced its attention to the Legislature's mandate of gambling as a social pastime to stimulate food and drink sales.

If anything, the smaller "mom and pop" establishments have been squeezed from the market as the remaining operators consolidate, acquire market share from these smaller establishments, and brand themselves as "casinos." This seems a far cry from the Legislature's original intent.

While the WSGC can set wagering limits, such limits must be in line with the legislative intent of the Gambling Act. Current limits of \$300 are more than sufficient to carry out the Legislature's restrictions on gambling in Washington as a social pastime.

Sincerely,



W. Ron Allen, WIGA President
Chairman/CEO, Jamestown S'Klallam Tribe

Encls:
Tribal Signature Page
Cc page

WIGA letter to WSGC Chair Levy
Re: Opposition to Maverick petition for increased wagering limits
June 29, 2023
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/s/Chelalis Tribe
Chelalis Confederated Tribes

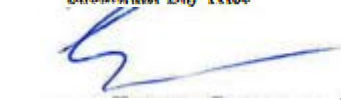
/s/Josie Ward
Hoh Tribe

/s/Lower Elwha Klallam Tribe
Lower Elwha Klallam Tribe



Nisqually Tribe


/s/Quileute Tribe
Quileute Tribe


Sheabwater Bay Tribe


Stillaguamish Tribe

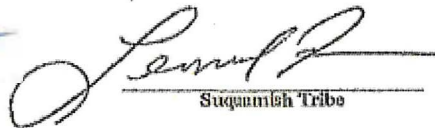

Tulehup Tribes


Jamezow + S4 R1 m Tribe

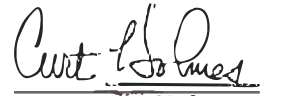
/s/Lummi Nation
Lummi Nation

Nooksack Tribe


/s/Kristeen Mowitch
Quinalt Falls Tribe

/s/Skokomish Tribe
Skokomish Tribe


Suquamish Tribe


Wilkama Nation

Patricia Knewagrace
Cowlitz Tribe

Kalispel Tribe

/s/Makah Tribe
Makah Tribe

Port Gamble S'Klallam Tribe


Sauk-Suiattle Tribe


Squaxin Island Tribe


Swinomish Tribe

WIGA letter to WSGC Chair Levy

Re: Opposition to Maverick petition for increased wagering limits

June 29, 2023

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Cc: Governor Jay Inslee

Attorney General Bob Ferguson

Julia Patterson, Vice-Chair, WSGC

Bud Sizemore, Commissioner, WSGC

Sarah Lawson, Commissioner, WSGC

Anders Ibsen, Commissioner, WSGC

Senator Steve Conway, WSGC Ex-Officio

Senator Jeff Holy, WSGC Ex-Officio

Rep Shelley Kloba, WSGC Ex-Officio and Co-Chair, House Regulated Substances
& Gaming

Rep Skyler Rude, WSGC Ex-Officio

Tina Griffin, Director, WSGC

Craig Bill, Director, Governor's Office of Indian Affairs

Josh Johnston, Interim Director, WA State Lottery

Sheri Sawyer, Deputy Director of Policy & Outreach

Julie Lies, Tribal Liaison, WSGC

Lisa McLean, Legislative/Policy Manager & Rules Coordinator, WSGC

Rebecca George, Executive Director, Washington Indian Gaming Association



Annual Gambling Activity Report

Fiscal Year 2021

July 1, 2020 - June 30, 2021
Updated April 25, 2022



Washington State

GAMBLING
COMMISSION

Protect the public by ensuring that gambling is legal and honest.

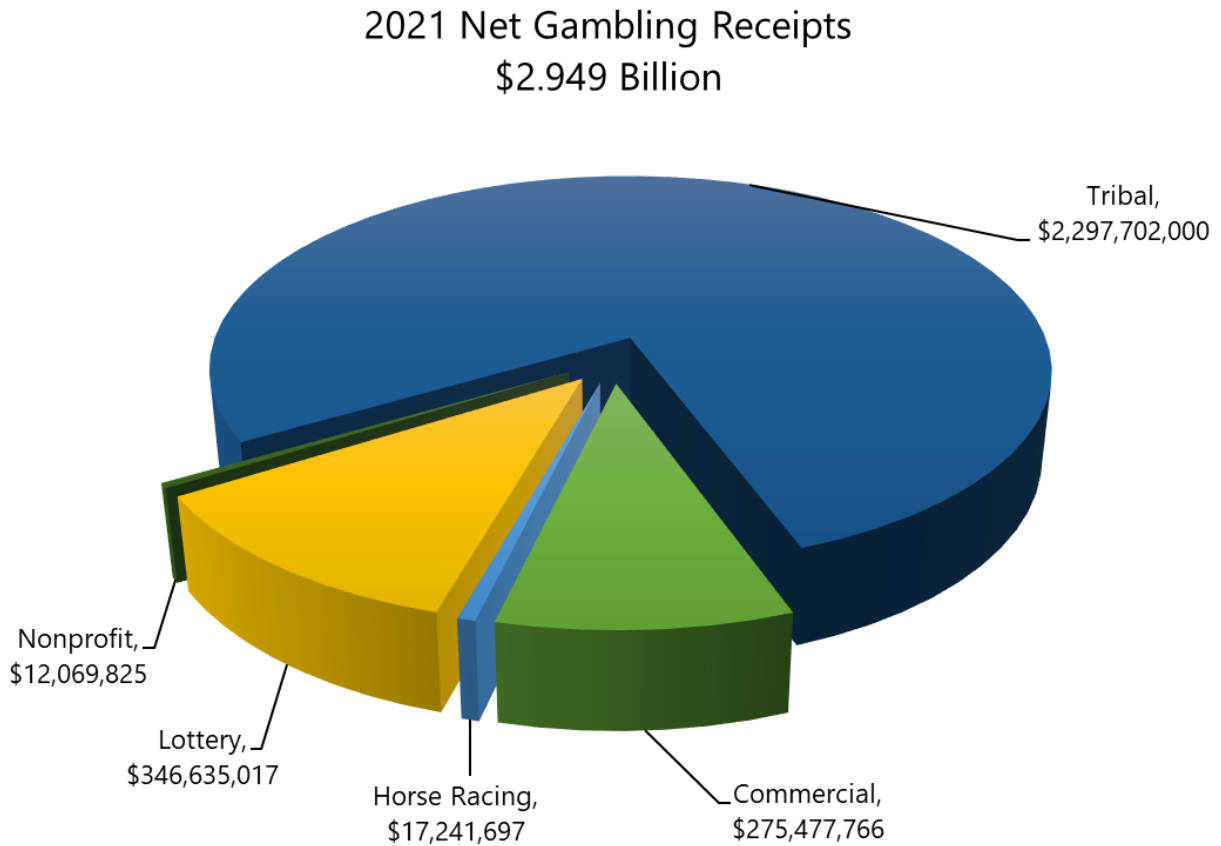
P.O. Box 42400 Olympia, WA 98504 | www.wsgc.wa.gov

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Washington's Gambling Industry

Washington's gambling industry is comprised of five categories: Commercial, Lottery, Horse racing, Nonprofit, and Tribal¹. In FY 21, the industry generated \$2.949 billion in net gambling receipts².



In FY 21, local jurisdictions collected \$28,091,152 in gambling taxes.

The following pages of this report are reflective of the gambling activities required to be reported under [WAC 230-05-112](#) and is not a complete list of all the activities regulated by the Gambling Commission.

¹ Non-Tribal net gambling receipts are reported by fiscal year (7/1/20 - 6/30/21). Tribal operators report net receipts by calendar year.

² Net receipts are equal to gross receipts minus prizes paid.

Commercial licensees

This report includes the following commercial gambling activities:

- Amusement games
- Card games
- Punch boards/Pull-tabs

Overview of Commercial Licenses

License Type	Active Licenses*	Gross Receipts	Prizes Paid	Net Receipts
Punch board/Pull-tabs	765	\$205,154,251	\$147,508,032	\$57,646,219
House banked card rooms	43	\$188,283,566	\$365,155	\$187,918,411
Non-house banked card rooms	103	\$13,452,243	\$2,305	\$13,449,938
Amusement Games	77	\$18,920,230	\$2,457,032	\$16,463,198
Grand Total		\$425,810,290	\$150,332,524	\$275,477,766

*as of the end of FY 21.

Commercial Punch board/Pull-tab top ten licensees

Rank	License Type	Gross Receipts	Prizes Paid	Net Receipts	Local Taxes
1	TOP GUN BAR & GRILL LLC	\$3,164,848	\$2,395,726	\$769,122	\$36,480
2	ROADHOUSE	\$2,949,795	\$2,201,182	\$748,613	\$58,995
3	THE LIME	\$2,738,307	\$2,195,573	\$542,734	\$136,914
4	EMPEROR'S PALACE	\$1,885,806	\$1,537,293	\$348,513	\$57,271
5	THE 2121 PUB	\$1,829,317	\$1,458,619	\$370,698	\$44,573
6	BABALOUIE'S	\$1,729,635	\$1,267,362	\$462,273	\$86,483
7	TIMEOUT ALEHOUSE	\$1,729,260	\$1,357,952	\$371,308	\$51,878
8	DANNY'S TAVERN	\$1,523,270	\$1,202,902	\$320,368	\$38,082
9	THE LOOSE WHEEL BAR & GRILL	\$1,491,810	\$1,178,115	\$313,695	\$74,616
10	EMPEROR'S PALACE	\$1,450,379	\$1,186,080	\$264,299	\$28,697

Commercial Punch board/Pull-tab activity by county³

County	Active Licenses	Gross Receipts	Prizes Paid	Net Receipts	Local Taxes
ADAMS	1	\$-	\$-	\$-	\$-
ASOTIN	1	\$51,936	\$35,852	\$16,084	\$407
BENTON	28	\$9,199,332	\$6,279,147	\$2,920,185	\$332,705
CHELAN	15	\$5,672,850	\$4,161,175	\$1,511,675	\$25,469
CLALLAM	2	\$464,277	\$296,811	\$167,466	\$16,874
CLARK	27	\$4,853,999	\$3,362,229	\$1,491,770	\$224,319
COWLITZ	20	\$2,629,838	\$1,699,892	\$929,946	\$117,894
DOUGLAS	6	\$2,063,614	\$1,591,810	\$471,804	\$456
FERRY	1	\$4,847	\$4,377	\$470	\$242
FRANKLIN	6	\$966,636	\$597,956	\$368,680	\$71,675
GRANT	11	\$3,441,608	\$2,418,012	\$1,023,596	\$74,857
GRAYS HARBOR	22	\$3,041,441	\$2,085,161	\$956,280	\$93,555
ISLAND	5	\$530,755	\$338,182	\$192,573	\$1,738
JEFFERSON	3	\$164,591	\$102,964	\$61,627	\$-
KING	151	\$50,631,738	\$43,170,188	\$7,461,550	\$2,507,604
KITSAP	32	\$7,836,135	\$5,436,739	\$2,399,396	\$239,469
KITTITAS	10	\$2,103,260	\$1,480,800	\$622,460	\$33,559
KLICKITAT	5	\$183,661	\$128,855	\$54,806	\$2,248
LEWIS	20	\$3,330,171	\$2,241,597	\$1,088,574	\$65,053
LINCOLN	1	\$52,108	\$33,347	\$18,761	\$-
MASON	11	\$2,165,325	\$1,505,643	\$659,682	\$88,844
OKANOGAN	3	\$403,932	\$255,918	\$148,014	\$351
PACIFIC	4	\$561,904	\$343,811	\$218,093	\$21,908
PEND OREILLE	1	\$75,407	\$54,238	\$21,169	\$-
PIERCE	107	\$34,285,961	\$25,008,253	\$9,277,708	\$1,147,742
SAN JUAN	4	\$284,898	\$201,260	\$83,638	\$708
SKAGIT	18	\$2,700,957	\$1,868,753	\$832,204	\$77,195
SNOHOMISH	76	\$25,961,451	\$18,138,966	\$7,822,485	\$1,037,024
SPOKANE	80	\$17,705,442	\$42,451,296	\$(24,745,854)	\$409,619
STEVENS	4	\$210,079	\$126,230	\$83,849	\$280
THURSTON	36	\$12,577,395	\$9,533,762	\$3,043,633	\$241,680

³ Counties without Punchboard/Pull tab licensees are not on this list.

House-banked card room top ten licensees

Rank	License Type	Gross Receipts	Prizes Paid	Net Receipts	Local Taxes
1	FORTUNE CASINO - RENTON	\$15,131,838	\$23,500	\$15,108,338	\$1,513,184
2	ROMAN CASINO	\$14,609,087	\$-	\$14,609,087	\$1,606,999
3	RIVERSIDE CASINO	\$9,910,068	\$12,686	\$9,897,382	\$1,090,108
4	GOLDIES SHORELINE CASINO	\$9,363,759	\$-	\$9,363,759	\$936,376
5	CHIPS CASINO/LAKEWOOD	\$8,505,886	\$9,000	\$8,496,886	\$935,651
6	GREAT AMERICAN CASINO/EVERETT	\$8,079,912	\$-	\$8,079,912	\$807,991
7	MACAU CASINO	\$7,967,794	\$-	\$7,967,794	\$876,456
8	CRAZY MOOSE CASINO/PASCO	\$7,844,906	\$-	\$7,844,906	\$784,491
9	GREAT AMERICAN CASINO/TUKWILA	\$7,811,024	\$-	\$7,811,024	\$859,213
10	FORTUNE CASINO - TUKWILA	\$7,374,279	\$15,600	\$7,358,679	\$811,171

House-banked card room activity by county⁴

County	Active Licenses	Gross Receipts	Prizes Paid	Net Receipts	Local Taxes
ASOTIN	1	\$249,894	\$28,976	\$220,918	\$13,253
BENTON	2	\$6,566,095	\$-	\$6,566,095	\$656,606
CLARK	2	\$7,744,569	\$72,660	\$7,671,909	\$502,957
DOUGLAS	2	\$5,186,535	\$3,800	\$5,182,735	\$421,325
FRANKLIN	1	\$7,844,906	\$-	\$7,844,906	\$784,491
GRANT	1	\$1,436,037	\$-	\$1,436,037	\$91,630
KING	16	\$96,690,628	\$51,786	\$96,638,842	\$10,326,789
KITSAP	1	\$1,540,101	\$-	\$1,540,101	\$30,801
KITTITAS	1	\$375,889	\$-	\$375,889	\$30,070
PIERCE	4	\$25,931,465	\$9,000	\$25,922,465	\$2,842,014
SNOHOMISH	4	\$17,226,692	\$-	\$17,226,692	\$1,722,670
SPOKANE	2	\$6,752,061	\$187,517	\$6,564,544	\$339,781
THURSTON	1	\$2,006,301	\$11,416	\$1,994,885	\$150,473

⁴ Counties without house banked card room licensees are not on this list.

Charitable and nonprofit gambling

This report includes the following charitable/nonprofit gambling activities:

- Amusement Games
- Bingo
- Card Games
- Enhanced Raffles
- Fund-raising Events (Reno/casino nights)
- Punch boards & Pull-tabs
- Raffles

FY21 Overview of charitable and nonprofit licenses

License Type	Active Licenses*	Gross Receipts	Prizes Paid	Net Receipts
Raffle	901	\$5,293,585	\$2,040,374	\$3,253,211
Enhanced Raffle	1	\$0	\$0	\$0
Punch board/Pull-tabs	180	\$24,212,641	\$17,149,770	\$7,062,871
Card Room	82	\$14,534	\$0	\$14,534
Fund Raising event	3	\$7,351	\$7,351	\$0
Amusement Games	20	\$0	\$583	(\$583)
Grand Total		\$34,923,421	\$22,853,596	\$12,069,825

*as of the end of FY 21.

Raffle top ten licensees

Rank	License Type	Gross Receipts	Prizes Paid	Net Receipts	Local Taxes
1	OLYMPIC MEMORIAL HOSP FOUNDATION	\$257,328	\$48,542	\$208,786	\$-
2	PERRY TECHNICAL FOUNDATION	\$257,100	\$-	\$257,100	\$-
3	ROCKY MOUNTAIN ELK FOUNDATION	\$158,375	\$65,183	\$93,192	\$-
4	WASHINGTON PREMIER FC	\$129,600	\$42,199	\$87,401	\$3,888
5	WA STATE HS RODEO ASSOCIATION	\$124,751	\$15,699	\$109,052	\$-
6	CROSSFIRE FOUNDATION	\$101,450	\$23,042	\$78,408	\$1,654
7	ALL SAINTS CATHOLIC SCHOOL	\$100,520	\$39,990	\$60,530	\$-
8	ST JOSEPH'S PARENTS CLUB	\$92,976	\$25,048	\$67,928	\$-
9	BPOE 01937	\$90,746	\$49,514	\$41,232	\$4,264
10	ROTARY CLUB/LACEY	\$84,014	\$17,798	\$66,216	\$-

Raffle activity by county⁵

County	Active Licenses	Gross Receipts	Prizes Paid	Net Receipts	Local Taxes
ADAMS	6	\$13,474	\$8,227	\$5,247	\$-
ASOTIN	4	\$79,547	\$36,801	\$42,746	\$-
BENTON	31	\$99,770	\$22,257	\$77,513	\$1
CHELAN	16	\$90,809	\$33,113	\$57,696	\$-
CLALLAM	12	\$286,823	\$79,915	\$206,908	\$6,539
CLARK	44	\$167,976	\$77,127	\$90,849	\$7,390
COLUMBIA	1	\$-	\$-	\$-	\$-
COWLITZ	21	\$89,888	\$49,604	\$40,284	\$5,011
DOUGLAS	4	\$8,350	\$3,777	\$4,573	\$-
FERRY	1	\$18,653	\$10,934	\$7,719	\$459
FRANKLIN	13	\$51,288	\$21,139	\$30,149	\$197
GRANT	20	\$71,249	\$40,646	\$30,603	\$225
GRAYS HARBOR	16	\$79,295	\$28,526	\$50,769	\$270
ISLAND	11	\$21,779	\$10,850	\$10,929	\$80
JEFFERSON	3	\$12,010	\$7,444	\$4,566	\$9
KING	218	\$652,413	\$233,859	\$418,554	\$11,920
KITSAP	22	\$65,927	\$42,614	\$23,313	\$764
KITTITAS	12	\$62,515	\$42,717	\$19,798	\$161
KLICKITAT	7	\$126,198	\$15,744	\$110,454	\$-
LEWIS	21	\$80,465	\$97,862	\$(17,397)	\$24
MASON	10	\$43,549	\$45,420	\$(1,871)	\$8
OKANOGAN	14	\$49,264	\$37,669	\$11,595	\$1
PACIFIC	10	\$141,349	\$85,464	\$55,885	\$4,752
PEND OREILLE	2	\$-	\$-	\$-	\$-
PIERCE	79	\$585,345	\$222,688	\$362,657	\$5,198
SAN JUAN	4	\$13,637	\$6,632	\$7,005	\$-
SKAGIT	27	\$101,134	\$34,518	\$66,616	\$7,972
SKAMANIA	5	\$12,979	\$1,973	\$11,006	\$110
SNOHOMISH	70	\$509,712	\$163,278	\$346,434	\$10,652
SPOKANE	69	\$459,378	\$183,807	\$275,571	\$16
STEVENS	12	\$49,648	\$26,869	\$22,779	\$-
THURSTON	27	\$184,137	\$75,409	\$108,728	\$52
WAHIAKUM	1	\$-	\$-	\$-	\$-
WALLA WALLA	10	\$109,850	\$42,349	\$67,501	\$1,764
WHATCOM	25	\$213,989	\$93,865	\$120,124	\$3,175
WHITMAN	6	\$8,473	\$7,703	\$770	\$-
YAKIMA	40	\$522,425	\$60,370	\$462,055	\$-

⁵ Counties without Raffle licensees are not on this list.

Bingo top ten licensees

Rank	License Type	Gross Receipts	Prizes Paid	Net Receipts	Local Taxes
1	SEATTLE JUNIOR HOCKEY ASSN	\$1,285,598	\$891,875	\$393,723	\$9,675
2	AMVETS 00001	\$1,016,714	\$695,202	\$321,512	\$13
3	AMERICAN LEGION 00176	\$756,752	\$541,181	\$215,571	\$10,778
4	SISTER REBECCA BERGHOFF FDN	\$526,238	\$315,683	\$210,555	\$10,528
5	ROTARY CLUB/COLUMBIA CENTER	\$483,508	\$269,600	\$213,908	\$10,695
6	BPOE 01937	\$114,102	\$80,665	\$33,437	\$3,344
7	FOE 01555	\$109,976	\$91,098	\$18,878	\$944
8	FOE 02338	\$102,820	\$68,942	\$33,878	\$-
9	GRANGE 00153	\$85,601	\$43,578	\$42,023	\$-
10	VFW 00992	\$69,320	\$46,860	\$22,460	\$-

Bingo activity by county⁶

County	Active Licenses	Gross Receipts	Prizes Paid	Net Receipts	Local Taxes
ADAMS	1	\$-	\$-	\$-	\$-
BENTON	7	\$484,975	\$270,438	\$214,537	\$10,695
CHELAN	7	\$19,425	\$13,706	\$5,719	\$-
CLALLAM	7	\$13,857	\$9,528	\$4,329	\$1
CLARK	10	\$765,416	\$547,463	\$217,953	\$10,778
COLUMBIA	1	\$-	\$-	\$-	\$-
COWLITZ	12	\$223,437	\$183,070	\$40,367	\$6,962
DOUGLAS	1	\$-	\$-	\$-	\$-
FERRY	3	\$1,035	\$110	\$925	\$-
FRANKLIN	1	\$35,880	\$23,112	\$12,768	\$636
GRANT	5	\$12,992	\$10,083	\$2,909	\$-
GRAYS HARBOR	6	\$10,792	\$6,150	\$4,642	\$-
ISLAND	7	\$26,930	\$19,470	\$7,460	\$53
JEFFERSON	1	\$2,631	\$2,134	\$497	\$-
KING	31	\$52,323	\$45,149	\$7,174	\$586
KITSAP	7	\$219,717	\$159,884	\$59,833	\$841
KITTITAS	2	\$7,982	\$822	\$7,160	\$-
KLICKITAT	2	\$12,179	\$7,796	\$4,383	\$78
LEWIS	4	\$92,567	\$47,195	\$45,372	\$-
MASON	2	\$181	\$174	\$7	\$-
OKANOGAN	6	\$5,761	\$2,929	\$2,832	\$11
PACIFIC	5	\$170,941	\$122,351	\$48,590	\$3,509
PEND OREILLE	1	\$-	\$-	\$-	\$-
PIERCE	17	\$1,092,107	\$740,151	\$351,956	\$546
SAN JUAN	2	\$-	\$-	\$-	\$-
SKAGIT	6	\$1,291	\$1,237	\$54	\$-
SKAMANIA	3	\$480	\$855	\$(375)	\$-
SNOHOMISH	18	\$1,378,687	\$952,120	\$426,567	\$19,452
SPOKANE	14	\$57,450	\$47,811	\$9,639	\$162
STEVENS	7	\$26,946	\$19,106	\$7,840	\$-
THURSTON	6	\$50,330	\$33,933	\$16,397	\$92
WAHKIAKUM	1	\$-	\$-	\$-	\$-
WALLA WALLA	3	\$85,550	\$59,328	\$26,222	\$130
WHATCOM	5	\$15,979	\$13,049	\$2,930	\$1,315
WHITMAN	1	\$-	\$-	\$-	\$-
YAKIMA	5	\$527,469	\$316,364	\$211,105	\$10,528

⁶ Counties without Bingo licensees are not on this list.

Nonprofit Punch board/Pull-tab top ten licensees

Rank	License Type	Gross Receipts	Prizes Paid	Net Receipts	Local Taxes
1	AMERICAN LEGION 00010	\$1,369,560	\$1,125,852	\$243,708	\$-
2	SEATTLE JUNIOR HOCKEY ASSN	\$592,608	\$419,268	\$173,340	\$17,335
3	FOE 03862	\$531,231	\$381,855	\$149,376	\$14,693
4	FOE 00195	\$527,288	\$386,943	\$140,345	\$14,034
5	FOE 00362	\$503,205	\$378,961	\$124,244	\$12,423
6	FOE 03242	\$469,816	\$302,709	\$167,107	\$13,367
7	FLEET RESERVE ASSN 00029	\$469,404	\$319,391	\$150,013	\$15,009
8	FOE 04390	\$442,206	\$365,623	\$76,583	\$6,531
9	VFW 00318	\$439,833	\$319,859	\$119,974	\$3,599
10	FOE 02568	\$411,201	\$155,320	\$255,881	\$14,324

Nonprofit Punch board/Pull-tab activity by county⁷

County	Active Licenses	Gross Receipts	Prizes Paid	Net Receipts	Local Taxes
ADAMS	2	\$48,238	\$33,857	\$14,381	\$65
ASOTIN	1	\$183,247	\$125,812	\$57,435	\$1,723
BENTON	4	\$781,780	\$515,015	\$266,765	\$5,202
CHELAN	3	\$1,602,841	\$1,279,063	\$323,778	\$-
CLALLAM	4	\$484,296	\$329,247	\$155,049	\$6,625
CLARK	8	\$1,504,344	\$1,072,190	\$432,154	\$49,156
COLUMBIA	1	\$58,690	\$35,715	\$22,975	\$880
COWLITZ	7	\$821,211	\$574,985	\$246,226	\$17,668
FERRY	1	\$109,346	\$78,427	\$30,919	\$1,546
FRANKLIN	1	\$59,636	\$43,639	\$15,997	\$1,598
GRANT	9	\$852,609	\$592,513	\$260,096	\$8,449
GRAYS HARBOR	10	\$1,605,109	\$1,469,354	\$135,755	\$21,392
ISLAND	6	\$863,882	\$642,748	\$221,134	\$7,752
KING	20	\$2,121,337	\$1,388,496	\$732,841	\$82,862
KITSAP	7	\$928,007	\$633,089	\$294,918	\$28,537
KITTITAS	4	\$756,277	\$494,818	\$261,459	\$4,740
KLICKITAT	3	\$74,942	\$47,322	\$27,620	\$348
LEWIS	6	\$564,725	\$410,674	\$154,051	\$1,119
MASON	3	\$910,787	\$657,297	\$253,490	\$17,790
OKANOGAN	7	\$818,997	\$570,624	\$248,373	\$3,462
PACIFIC	6	\$930,816	\$651,026	\$279,790	\$50,867
PEND OREILLE	1	\$20,234	\$16,017	\$4,217	\$-
PIERCE	10	\$1,018,220	\$743,549	\$274,671	\$15,590
SAN JUAN	2	\$29,103	\$20,257	\$8,846	\$133
SKAGIT	7	\$961,369	\$624,206	\$337,163	\$19,411
SKAMANIA	1	\$257,853	\$173,597	\$84,256	\$1,502
SNOHOMISH	14	\$3,511,097	\$2,537,173	\$973,924	\$83,869
SPOKANE	9	\$643,650	\$472,316	\$171,334	\$695
STEVENS	2	\$45,442	\$33,105	\$12,337	\$-
THURSTON	7	\$689,163	\$483,483	\$205,680	\$11,554
WALLA WALLA	2	\$251,987	\$180,300	\$71,687	\$22,305
WHATCOM	5	\$211,250	\$146,231	\$65,019	\$14,101
WHITMAN	1	\$65,811	\$44,837	\$20,974	\$-
YAKIMA	6	\$426,345	\$306,788	\$119,557	\$2,224

⁷ Counties without Nonprofit Punchboard/Pull-tab licensees are not on this list.

Manufacturers, Distributors, and Fund-raising Event Distributors

The Washington State Gambling Commission regulates entities that manufacture, sell, distribute, or otherwise supply devices, equipment, software, or hardware, for use within this state. This report includes the following:

- Equipment & supplies distributors
- Fund-raising event equipment distributors
- Equipment & supplies manufacturers

FY21 Overview of Manufacturers, Distributors, and Fund-raising Event Distributors

License Type	Active Licenses	Gross Receipts
Manufacturer	44	\$150,854,715
Distributor	34	\$24,232,958
FRE Equip Distributor	11	\$47,053
	Grand Total	\$175,134,726

Staff Summary of Historical Evidence for Increased Wager Limits Stimulating Sale of Food & Beverage

- The Legislature authorized house-banked card rooms in 1997, requiring the Commission to develop rules defining the process of managing the process and limitations thereto. Discussion on the rules began in June of 1997 with an extended discussion at the August 1997 Commission meeting, where one small town operator mentioned how he and his wife had seen a 15 percent increase in their pull-tab and food and beverage operations since being able to operate three black jack tables (pages 2-5).
- In August 2008, when the Commission considered increasing wager limits at house-banked card rooms, Dawn Mangano of Casino Caribbean of Yakima testified that higher wager limits would allow her to pursue a different demographic that has more disposable income. She could then stimulate her food and beverage business because she could offer higher end food and drink to those with more disposable income (pages 6-7).
- In October 2009, WSGC Director Day provided data to Commissioners about the effect on food and beverage sales of allowing mini-baccarat to be played at house-banked card rooms (pages 8-9).
- In November 2009, the Gambling Commission convened a discussion group with industry representatives to develop rules for the conduct of Texas Hold ‘Em games in Washington state. In the course of the discussion, a few industry operatives provided evidence of being able to offer poker games as a method of stimulating the sale of food and beverages (pages 10-13).
- Based on the work of the Texas Hold ‘Em work group, the Commission initiated rule making in July 2010 for a licensed pilot program on wagering limits for Texas Hold ‘Em poker. It proposed to create a 18-month pilot program to test the regulatory and economic impacts of increasing the wagering limits for Texas Hold ‘Em poker from \$40 to \$100. At the end of the pilot program, the Commission would evaluate the data collected and use it to determine whether the wagering increase should be permanent. Industry representatives believed that the pilot program would demonstrate that food and beverage sales increase because new players are attracted by the higher wager limits (pages 14-16).
- The Final Report was presented to the Commission in May 2012, concluding that the commercial stimulant impact on card rooms from the pilot program was very similar to the mini-baccarat test program. Some card rooms showed an increase in food and beverage sales while offering increased wager limits. This evidence was presented at the May, August, September, and October 2012 Commission meetings – and the increased wager limit to \$100 was approved in October 2012. Included in this historical overview is the May final report (pages 17-19) and discussion at the May 2012 meeting only; subsequent mentions are largely repetitive (pages 20-23).

Excerpts from August 1997 Commission Meeting Transcript, describing pilot program for house-banked card rooms and including comment from one card room operator related to the stimulant effect on food and beverage sales

HOUSE BANKED CARD GAMES

Amendatory Section WAC 230-04-110 – Licensing of manufacturers

Amendatory Section WAC 230-04-120 – Licensing of distributors

Amendatory Section WAC 230-04-204 – Fees-Individuals

New Section WAC 230-40-900 – Public Card Room Enhancement Program Pilot study and test

Repealed Section WAC 230-40-999 – Public Card Room Enhancement Program Pilot study and test

Director Miller said this was the packet that they had said they wanted to get before the Commission to implement the most recent change in state policy, which was to allow house banked card games in commercial settings. The petition that was withdrawn today was filed four months ago and the staff met with the petitioners at that time and told them that they would not support their petition but they wanted to develop a thorough program before they went forward to the Commission. He told the petitioners that if they would hold off their petition for another four months, the staff would work hard to present a program to the Commission in August for emergency adoption of the packet, knowing that it would be in the Commission's discretion whether to do so or not. He said that, from a policy standpoint, he thought that this was one of the biggest issues the Commission would face in the near future. The staff chose the test format because they did not know what the market would be or if there is one. He thought there would be some areas that would have market potential – mostly urban, highly populated centers. The staff does not know what the impacts will be to the staff or how many licensees will come in. This has never happened anywhere in the country. He's not aware of even one jurisdiction that has limited banked games of this nature without slot machines going with them or some type of video activity, so it is a major program that they will be undertaking. Regulation must be done very carefully and cautiously. He thought this test proposal gave them the flexibility to do it correctly.

Director Miller recalled for the commissioners that in 1996 when the Legislature passed the card room bill law for 15 tables allowing the rake, allowing for the jackpot games, the agency tried a new approach to regulation. He said they did not really know what they were doing when they first started and did not know what the impact would be. They decided to try a test approach and entered into a contract with each individual licensee that sets forth the terms and the rules for carrying out this program. The director has the ability over time to modify that contract to make it work for those licensees so they can learn to develop a program and come before the Commission at the end of a two-year period. That way they could develop a good set of rules and not something they would have to come back and change every three to four months. That was what the intentions were -- to develop a test program, a pilot study program which would be consistent with regulatory reform. The Legislature wants these types of packages because it allows the agency to get an operation up and running. It also allows the agency to adjust and be flexible and, in the end, develop a program that allows them to regulate effectively to allow profit but still allow strict control. That was the balancing act.

Director Miller said there were also 12 tribal casinos in Western Washington who ran banked card games, who negotiated compacts, who in those compacts had Appendix As, who were very, very strict in their regulation and control. He said the agency had an obligation to maintain consistency in this

program with that program. Anything less would certainly undermine their ability to continue that relationship there and there must be consistency. Whether they can do a two-table operation or not, he could not guarantee at this time, but the agency had to give them an opportunity and he thought proportionately the director had the authority under this package to adjust accordingly, certain requirements. He said the Commission had before it today four rules -- the pilot study and three other rules that needed to be adopted to allow for suppliers of gaming equipment to be licensed in card rooms, just as they did in tribal arenas. He said there could be no difference here. The pilot study rule basically said that if anyone gets involved in house banked games or any of the activities authorized by the Legislature in the last two years, they must be a member of this test. They must go through the test that requires them then to enter into an operations agreement with the Commission. He said the Commissioners had before them Appendix C in draft form as version number four of the operations agreement which he was not asking that they approve today. That operations agreement was the contract – it set forth what will be done, what the price to participate will be, and the terms and conditions of participation. It sets forth what must be done when they have bank card games: the rules, the internal controls, surveillance, the cashier's cage, the security departments, the account department or functions – everything is set there except the internal controls which have to be submitted to the agency in advance prior to opening. **Director Miller** thought Commissioner Forrest's concern they may even want put in that contract some provision at least giving some proprietary control on the internal controls. There is no need to give those out to anybody outside the agency.

Director Miller said that is the agreement they would enter into if the Commission chose to adopt the rules today. What it says is that the Commission approved the pilot study to go forward, get the agreements ready and then the staff would come before them with each contract individually. He said there would be no rush of people opening tomorrow because this was set up very systematically. The rule the staff is asking to be filed for the pilot study requires that they be licensed (some card room operators are already licensed) so they can come in tomorrow and start negotiating their agreement with the agency. Once their agreement is signed, they must then get a pre-operations inspection by the staff, who are right now putting together their unit. Some of Sharon Tolton's people in Special Operations will work with Sherri Winslow's people in Field Operations on a short-term basis, because they already have some experience in tribal gaming. Once the staff goes through a pre-operations inspection, they will require their surveillance and accounting system and employees be in place, just like the tribes had to do prior to opening. The staff, however, added an additional step. They are also going to require Commission staff to come before the commissioners individually with agreements and the sign-off that they have complied with everything. Each area must be approved. This allows the staff to systematically put people in this program and not have an overwhelming floodgate. He said the staff is not ready to handle an overwhelming number. He said they have had approximately 41 people express interest; out of that it would be hard to say if more than half would actually enter the test because it is not cheap to get in. There will be surveillance required for every banked game in the state. Anything less than that would destroy the program. They cannot allow a tremendous difference in regulation from the tribal operations. They could have proportional differences based on the size. They must have surveillance as one of their main tools. Tribal casinos have tribal gaming commission staff on site at all times. The agency does not have the luxury to have Joe's operator having their own casino but they must establish a system of regulation, as well, so this would be something they will be working on. They will be monitored closely because surveillance is critical. All of this would be part of this contract and all of this would be worked out over time.

Director Miller said there are two levels. Level one would be up to four tables of blackjack. Level one, phase one, is a \$3 wager and is the low end. There still must be surveillance and they must still follow this appendix, but they have the ability to come to the Director and adjust it accordingly. That will be up to the staff and the Director and ultimately the Commission to say how far to adjust. Level one, phase two, would be up to a \$5 maximum for the smaller operator who just wanted to try it. Four tables of blackjack, if full, at \$5 per wager with even one shift a day would be a tremendous volume of money going through a place. Figuring 30 to 40 hands an hour, if not more in a qualified situation, would be millions of dollars going through. This will require great regulation. Level two operators come in with five or more tables and they can go up to \$25 wagers, the same as they have today. Level two, phase two, allows up to a \$100 wager. To get to phase two, they must have performed for six months; they must have also demonstrated that they have an adequate regulatory system in place, which is very similar to what the tribes are required to do. It must actually work and the staff must feel confident because, at that kind of wagering level, the amount of money that would be on the premises would require great security and precaution. They have never done that before and they need to make sure they are ready for that. The ultimate level of wagering is one that the Commission may set. If the commissioners thought that \$100 was too high, it would be up to them to adjust that and it is in the contract as well. Ultimately, level two would be what they would deem it should be. The staff met with the operators on numerous occasions and they wanted the same limits as the tribes had, but the staff did not believe they were ready. The operators should be required to prove that they could get these things up to the regulatory level that would give the staff confidence that whatever wagers the Commission deemed appropriate could be handled.

Director Miller said the test would be for a two-year period and could be extended. The cost would not be cheap, and operators have to put in surveillance, security, and certain supervisory employees. For a six to eight table room, it could easily cost \$60,000 to \$70,000 just to get in the door. For a three to four table it might be substantially less, but still a lot of money, and a lot of risk. The people that wanted to get involved in this were taking a risk because staff did not know what the market will be, although they had been working diligently with the licensees on this issue. They had received draft four of the contract appendix, which is not up for filing today. The pilot study rule that gives the go ahead is before the Commission now, a two-year plan that would allow them to enter into agreements with the Commission. If that were filed today as an emergency, the staff could go forward, then finish the contracts.

Director Miller said there were two other rules in the packet that have to do with suppliers and other things. The staff requests that those be filed as an emergency as well. If approved, the Commission will see them on the agenda for three more months of comment, so there was no problem there. He said he believes there were grounds to do this based on the implementation of a statute. He would defer to their assistant attorney general on that issue. He called for questions.

[... after much discussion from others...]

Walt Levitt, and his wife, who operate the Grove Restaurant and Card Room in Everett, wanted to present some facts. Next month will mark 29 years that he has been at the Grove. He came to speak on behalf of the smaller operator. When he arrived at that end of town, there were five liquor places and now there are 22, so he understands this competition and knows how tough it is and he is a survivor. He and his wife sold the place in July 1991 knowing that there was going to be a casino. He discussed it with the new owner and the price was predicated on his losing some revenue, but it was more than he

could handle and they had to repossess it in January 1995. They rolled up their sleeves, borrowed some money, and went back to work. Along came blackjack and he already had a card room, so he tried it. This marks six months of having blackjack from a \$2 to \$25 limit. So far he has had no fights, arguments, or problems. He notified the Liquor Board, of course the Gambling Commission, he has qualified for that end of it, and the local police. He put it on his reader board so the public knows he has it. Since then, he has taken in \$100,000 in quarters. He charges 25 cents per hand. So that is \$400,000 hands of blackjack in six months. He hired three full-time people and three part-time people at \$175 per week. He has one table 10 hours a day and on two nights they have a second table for five hours. These people make good wages, they have medical and they have a pension plan, and he happens to be a union bar. It has worked well for him. He also has experienced that word "trade stimulant." It has increased his pull tab and bar business and food business by 15 percent and they also have profit sharing. He hopes this can be worked out because he does not want to lose it. He said he would do anything as far as the rules. He has spent about \$40,000 so far on equipment, tables, video and VCRs and so forth, and he is willing to go along with anything the Gambling Commission wants him to do. His last comment is that in the 20-plus years he has been there, the Grove Tavern has paid the City of Everett over \$1 million in gambling taxes.

Excerpts from August 2008 Commission Meeting Minutes

7. Petition for Rule Change – Recreational Gaming Association – Wager increase from \$200 to \$500 for house banked card games and remove \$1 limit on bonus wagers for progressive jackpots

Amendatory Section WAC 230-15-140 – Wagering limits for house-banked card games

Assistant Director Harris reported the Recreational Gaming Association (RGA) is requesting to increase the maximum amount of a single wager or bonus wager on an odd based payout from \$200 to \$500 and for a bonus wager for progressive jackpots from \$1 to \$500, or whatever limits are imposed by the manufacturer's game rules. The RGA states that tribal casinos are authorized to offer \$500 betting limits while house-banked card room licensees have been held to the lower \$200 limit. Tribal casinos offer \$500 maximum wager limits for single and bonus wagers. The progressives are not regulated by Tribal-State Compact but are determined by the manufacturer's game rules and posted in the Tribe's house rules, and is typically \$1. Tribal casinos are also required to have tribal gaming agents onsite at all times the games are operated. Higher wagering limits may make the games more attractive to professional cheaters, but staff does not anticipate all licensees will offer the higher wager limits and most players will not wager at that higher level. The Commission may wish to consider whether the proposal is consistent with the legislative intent expressed in RCW 9.46.010. The petitioner has requested an effective date of January 1, 2009.

Chair Bierbaum asked if there were any questions or comments from the public.

Dawn Mangano, Casino Caribbean in Yakima, felt it was important to come forward and try to explain in a real way why this change would make a difference for our casino in Yakima. The casino was opened with an extensive menu with seafood and wine, which we were not able to sustain. Ms. Mangano testified that this increase would allow her to go off to a different demographic that has more disposable income, and be able to offer a \$9 martini, Yakima wines from the local wineries, and several steaks instead of one. Raising the limits from \$200 to \$500 would allow her to pursue the orthodontist that put her daughter's braces on or the hog farmers that come in, and they would make more visits and would bring their friends, and Ms. Mangano could go after a different group of customers. Ms. Mangano appreciated that the Commission was considering this change, adding it would make a large impact on the smaller casino in rural areas.

Commissioner Ellis indicated Ms. Mangano's comments were very helpful to the Commission and asked if she had actually done any kind of study or analysis or a discussion on how many customers might be attracted by the higher limit. Commissioner Ellis was curious how many people in the Yakima area might be willing to make a \$500 bet. **Ms. Mangano** replied she had not done any study as far as the numbers, but she has spoken specifically to customers. The orthodontist goes to a different venue where he is accustomed to playing \$500 limits; he has the money to spend and he likes that kind of play, so he does not frequent Ms. Mangano's place. As far as a number of people, it is more a personal contact. **Ms. Mangano** lives in Selah, which is just outside of Yakima, and it is from personal contact with the customers, asking what can she offer them to come to her business and not continue down the road, and what is it lacking. This would provide an opportunity to stimulate the food and beverage business. Ms. Mangano said she has a great facility that is tropical themed and the customers like the atmosphere

but are looking for that different level of gaming. Ms. Mangano thought she would then be able to offer the rest of it to increase the food and beverage business. It is not numbers; it is specific people.

Commissioner Ellis said it must be extremely frustrating to know that Ms. Mangano's orthodontist is out there playing with her money, but not in her casino. **Ms. Mangano** replied that was just one example.

Mr. Gary Murrey, Great American Gaming Corporation, talked about the petition on the policy side where it was mentioned; that the Commission has to remain within policy considerations. Specifically, Mr. Murrey stated the \$500 limit has become a sociably acceptable level in the State and has been around for quite awhile and he saw no public concern or a large uproar from anybody coming up to comment. E-mails have been provided in support of the limit and there are players interested in the increased limits. From a policy standpoint, Mr. Murrey had looked at any disagreements between it and what has become a sociably acceptable level in the State over the years and thought it would be good to raise that level across the State to all the people participating and offering those games of chance.

Chair Bierbaum asked if any of the Commissioners wanted to weigh in on this proposed rule change.

Commissioner Parker indicated he was in favor of it and supported the increase. **Chair Bierbaum** agreed that she was also in favor of it, adding it would be up for final action next month in Gig Harbor.

Excerpt from October 2009 Commission Meeting Transcript related to the Effect on Food & Beverage at House-Banked Card Rooms Recently Permitted to Operate Mini-Baccarat

...b) House-Banked Card Room Activity and Financial Statements Summary

Director Day: If I could refer the Commission to the house-banked activity and financial summary tab. The house-banked card rooms are required to submit financial statements each year. And our Financial Investigation Unit in turn analyzes those reports. We put a summary from Keith Schuester, who you have met as the Supervisor of the Financial Investigation Unit. He has noted a few things in his cover memo and the consolidated reports that are behind his memo.

A couple things I'll just note. In his memo Keith notes a fairly significant decrease in licensing licensees, reporting a positive net income from 53 in 2007 to 38 in 2008. And also you might note a drop of about 10 locations that actually filed reports from last year to this year. As you look at material going on in this meeting, you'll see that the number of house-banked card rooms has declined to 72 operating house-banked card rooms. As well in the memo it also documents that on the positive side, last year there were 20 violations written essentially by the Financial Investigation Unit, and this year there are only 7. So there's been a significant amount of progress made on that front as well, although approximately 7 of those that were in a violation situation last year have since went out of business.

Also included in the report, we redistributed the activity report comparison that we had at the last meeting. We've done a little clean-up in that report to remove some of the odd references that were in the values column, and also added per Commissioner Reichert's request on page 2, totals so that we can provide a second quarter 2008 comparison. And these are gross receipts reported by the licensees for each quarter. If you look at 2008/2, roughly \$67 million and 2009/2 dropped to \$58 million, which is about a \$9 million drop from quarter two of 2008 to quarter two of this year.

The other thing we as well included and provided similar totals so that you had that information in each one of them was the short table that described the sales; the commercial stimulant food and drink sales from each house-banked card room that put in baccarat. And you can see that the numbers in that case actually show a 3.9% increase; from about \$3.1 million up to \$3.2 million. The one premise of note, the Riverside in Tukwila, we pretty clearly understand that the increase in food there is dramatically due to the addition of baccarat. You might recall that part of the justification for moving forward to add baccarat for house-banked card rooms was the testimony that would actually aid in increasing food sales in some areas. And at least to a certain extent, we do know that to be true.

Commissioner John Ellis: I have a question.

Chair Rojecki: Go ahead.

Commissioner Ellis: Rick, one question for you. Looking at the first page of the memo, the numbers in 2008 versus 2007 of licensees with a positive or negative income. You know that many businesses, of course, in these economic times are showing significant decreases in business. Do you happen to know off the top of your head how the lottery is doing comparing 2007 to 2008, or how they are doing generally into the recessionary period?

Director Day: I don't know. But last I knew they actually experienced a decline. I don't know how they are doing in the latest year, however. Arlan was here, but he left. We can report back. It won't be very hard to find out.

Commissioner Ellis: Thank you.

Director Day: The last I knew they actually had a decline. They had an increase in 2008, I believe, and then they were reporting a decline. From the numbers we're seeing, we think the numbers for the house-banked card rooms are going to be worse in 2009 at this point.

Excerpts from Discussion Group on Texas Hold 'Em Rules – November 2009

Speakers: Rick Day, George Teeney, Chris Kealy, Dolores Chiechi, Dawn Mangano, Max Faulkner

Review of the laws and rules pertaining to poker in Washington

Dan Frey provided a handout providing a brief overview of gambling in the state and the wagering limits.

Participatory Demonstration of Texas Hold 'Em

- Attendees play Texas Hold 'Em according to WA law and rules
- Attendees identify barriers and play without WA limitations

Tables report out their list of barriers that the current WAC imposes on customary play of Texas Hold 'Em

[...long discussion ensues about odds and wager limits]

Ms. Dawn Mangano: Well I think there are two questions actually.

[...chatter on another topic]

Commissioner Ellis: Sorry, Dawn.

Ms. Mangano: No, that's fine. And I think there's two questions, and one of them I'm not going to answer about how the money would go. But as far as at our properties, we've used opportunities to offer different kinds of games and different limit games on slow days. Like on a Sunday, which is very slow for us, we tried to meet the desires of some of our customers that weren't currently playing with us and we have a 10/20 game. And that grew to a couple tables. And so it stimulated our business as a whole on Sundays, which is more bodies there, more food and beverage. So that's how we use it. Wednesdays is spread limit game. And Wednesday nights are very slow for us. So marketing-wise, we've specifically offered different kinds of games to bring in a new set of people. So the 3/6, 4/8 is the main base, played most of the time. But given other opportunities, we use it to leverage people to come in on slow times, just as we do with different tournaments. We have our free rolls on Sunday when it's slow, things like that.

And I did put some little numbers together on our three properties for our food and beverage and how it's increased, and kind of look at the dates when the poker limits were raised. And I used a month when it's pretty busy normally, so it was kind of fair to look at it. So there's like 20 of these, if anyone's interested. And baccarat has kind of done a similar thing too because it's a very social game. So there's a good volume of people at a baccarat table. There's a lot of people that watch. And so you get a good volume of people on that too.

Director Day: So even if the limit went up to \$100/\$200, the 3/6 –

Ms. Mangano: It's a new set of people.

Director Day: The lower limit players would still –

Ms. Mangano: They'd still be doing their thing probably. I think as for myself, being able to play more tournaments where you can not have the limit and be able to push your chips in to protect your cards, and to have that same feel as

tournament, very interested in that. At the Yakima property, I specifically know that there are people that are traveling even all the way to Snoqualmie. Some of our top players spend a lot of hours there. And we've seen them leave.

Male Voice: Because they can offer a higher limit game?

Ms. Mangano: Yeah. So to retain some of those people. And then there are some home games that they're just not interested in that that level of play to come down to the casino. They just play at home.

Director Day: Dawn, could you tell us what we're looking at?

Ms. Mangano: Do you want me to explain?

Director Day: That would probably be a good idea. I'll tell you if it's not clear.

Ms. Mangano: Well, just on the little section here, how it over-stimulates food and beverage. It can stimulate in several ways. One is just the number of people coming in. Like when you have big tournaments, you have people coming mid-day. All of a sudden your lunch business is up. We also have a breakfast business where we didn't before when we got to have the 24 hours – our poker in the morning. We have a full breakfast menu now, and a real steady business, which has been awesome.

Also the length of time. You know, just having them sit there more hours, they're happy, they're playing the game they want to play. And they drink, they eat.

Male Voice: They eat, yeah.

Ms. Mangano: Just more hours here like Chris was talking about. And then that's what I talked about first was focus traffic to stimulate slower days. I mean I definitely do that at the properties. It's very well thought out. So in Yakima, you can see the percentage it went up. And it correlates to April of '07 to give you in a year we still have this kind of increase in our poker. And at the Kirkland site, same kind of thing through the baccarat because we put baccarat in there too. So to be fair, it might be a combination. And then Lakewood definitely had a good response to baccarat, so I threw that down here, just as a similar type of thing where you see a lot of people come in, and stay, and play. It might not be a great only game, but it actually is getting bodies in for that food and beverage stimulant.

Mr. Kealy: You're customer based for the majority. For me, my customers are three to five year. But I'm a newer facility, only being 10 years old. Your poker players have been there for how many years?

Mr. Tenny: Well, ever since the days of Vancouver.

Mr. Kealy: Right.

Mr. Tenny: A percentage of them.

Mr. Kealy: A percentage. So half your poker players have been there more than five years, would you say?

Mr. Tenny: Oh yeah, yeah, yeah.

Mr. Kealy: If you think of poker as in golf – Mr. Ellis, you golf. And your iPhone – do you check your e-mails when you golf now?

Commissioner Ellis: No.

Mr. Kealy: Not very much?

Commissioner Ellis: I'm retired, I don't have that many e-mails.

Mr. Kealy: All right. Well for me as a poker player and a business guy, I schedule my day a little bit around what I know is going on in the poker area because I like to play poker. So I know that the tournament at Freddie's at 11:30 is something I like to play, or the tournament at Chip's at 8:30. So I had to take the boys to school, I could stop by the tournament, check my e-mails during hands I'm not playing, and basically be little missed at my job. And it's just part of – because I'm going to eat breakfast, or I'm going to eat lunch. So while I'm eating – so that decision on food and beverage is – you know, I'm going to eat. So can I eat, play poker, and check my e-mails? Yep, so there I go. And that's what I do. Poker players will make their decisions like that. And that's what we're trying to appeal to.

And back to my Everett situation. The broader base you can appeal to, the more likely you can succeed as a business. And that's what I'm trying to do with the businesses I have, is succeed at them. And it really, truly is an enhancement to the food and beverage business. It's the hours that we can interest the person to be there that they'll eat their food, and hang out, and be friends with people, and spend money on that rake that we make money with and pay our tax dollars. That's the eco-system of business in America.

Mr. Faulkner: Just a follow-up to Commissioner Ellis, your and Director Day's question about the economics, or some of the smaller markets. A good example would be we have a poker room in East Wenatchee. And we started a 2/40 game when the limits went to \$40 on Fridays, one day a week. Boom, the people were there an hour ahead of time or they wouldn't get a seat in it. So there's a huge – that particular – going to \$40 limits, allowing that spread in that market, there was definitely a demand for that. If we went to \$100, if we had 5:100 game, I don't know. That's a smaller market. You don't know how many people are playing online, you don't know how many people are playing home games that might be interested in that until such a time as it was offered. And we wouldn't have any way of knowing really. I didn't know that the 2/40 would go that good. Who knew.

Director Day: Keven, did you have anything?

Chair Keven Rojecki: I'm just listening.

Director Day: Okay. I've been trying to poke to get questions going. So I don't know, does anybody else have any questions?

Ms. Chiechi: I'd just like to add to the discussion of how it might stimulate the business. We had a conference call and kind of threw out some discussion points around that. And of course what's already been explained is the increase in the food and beverage and them staying on premise to wait for tournaments. They may order breakfast, lunch, dinner,

drinks during that time, and then play in a regulated environment. We saw the unregulated environment of the internet. And then also as George described, the illegal games that are happening to attract those bigger players that want to play those higher bets.

And then obviously the customer demand is yet to be determined only because they're not allowed right now. But as we've heard from others, they are allowed in other venues, so they are going somewhere else. And if we could retain some of those players in our businesses to create and sustain the jobs that we have, as well as to keep – you know, the struggling industry right now. As you've seen I think we're at 69 operating facilities where a year ago we were 80 strong.

The other argument is a marginal increase to city/county taxes because of the increased rake that may occur with the increased play. That's going to spill off into tax revenue to the cities and counties, which we know they're in need of. So those were a few other discussion points that we came up with.

Director Day: Thanks for the summary, Dolores. We'll capture that, so it's good.

Excerpts from August 2010 Commission Meeting Transcript

9. **Texas Hold 'Em Work Group Proposal** – Texas Hold 'Em Wager Increase Pilot Program, Alternative #2 filed at the July 2010 Commission Meeting

New Section WAC 230-15-189 – Card game licensee pilot program on wagering limits for Texas Hold 'Em poker

Acting Assisting Director Drumheller: This rule is up for further discussion. It is a new section, WAC 230-15-189, house-banked and Class F card game licensed pilot program on wagering limits for Texas Hold 'Em poker. This rule change was proposed by the Texas Hold 'Em work group. It would create a pilot program to test the regulatory and economic impacts of increasing the wagering limits from \$40 to \$100 for Texas Hold 'Em poker. In addition the pilot program would help to determine whether there's a demand for higher wagering limits for Texas Hold 'Em poker. The pilot program will last 18 months. Card rooms participating in the pilot program will document and retain required information. At the end of the pilot program the Commission will evaluate the data collected in the report and use it to determine whether the wagering increase should be made permanent.

At the July Commission meeting the Commission filed Alternative #2. Currently 70 house-banked and 5 Class F card room licensees have the opportunity to request to participate in this program. Proposed amendments to the original rule filed for discussion at the July meeting required staff to report pilot program findings at the November 2012 Commission meeting. Language was changed and staff will now provide a mid-program report at the July 2011 Commission meeting and report the final results of the pilot program along with recommendations at the May 2012 Commission meeting.

Language was added that if approved by the Commission, licensees in the program may continue to operate at the \$100 wagering limit until the Commission finally approves or disapproves that wagering limit, or until December 31, 2012, whichever comes first. Language was added requiring card rooms to notify staff when higher limit games will be operated.

The impacts are that the industry representatives believe the higher wagering limits may increase overall card room revenue and attract new players who in turn will play both house-banked and nonhouse-banked card game. Food and beverage sales may increase due to the increase in players. Regulatory concerns and increase in the wagering limit for Texas Hold'em poker would have little or no effect on the regulation of these card rooms. Staff recommends discussion of the amended original version.

Chair Ellis: Gary, that last point has confused me a little. The original amended version is on the back page of the page that on one side has the proposed amendments, including the new amendments that you just described; the back page was the original version. So I take it that the version that's on the front page is the amended original version as you named it?

Acting Assistant Director Drumheller: Correct.

Chair Ellis: Yeah.

Acting Assistant Director Drumheller: Yes.

Chair Ellis: Okay. I was just a little confused there. Senator Delvin.

Senator Jerome Delvin: A question. When you're looking at that information – I know I made a comment. Rick, you and I had a conversation that – I don't know if I saw the need for a pilot program, but my concern was that you didn't increase the paperwork; that there was going to be new paperwork so it would interfere with the job they need to do as managing the card rooms. So **when I see the daily food sales, I think it even says it is an increase in paperwork and regulatory. I'm just wondering what the purpose of that is; why we need to know that much detail and just take the information that the card rooms already collect.** My understanding is they collect a lot of information already. Why is there a need for more and what purpose does that serve?

Chair Ellis: Do you want to respond to that, Gary?

Acting Assistant Director Drumheller: Well I wasn't part of the work group. I think that's probably a question for the work group maybe.

Chair Ellis: It would be good if one of the members of the industry from the work group would respond. I can tell you having facilitated the work group that that was certainly in my mind a very important issue, and I think it was an important issue for all of the members of the work group. The response that we got as to the basic paperwork that has been included as part of the work group package, which includes the document that is about four pages in to the materials on the back side of a page that is entitled "The Washington State Gambling Commission Texas Hold'em Pilot Study Daily Tracking Record" – apart from the length of that title, we understood that it was not going to be particularly burdensome for card rooms to collect this information; that it didn't go much beyond the information that they were collecting anyway. And that the information would be useful in assessing the impact of the increases in betting limits for the card rooms that choose to participate in the study. We have a number of members of the industry present who can tell us if they feel that in reality the information to be collected now within the proposal would in fact be significantly more burdensome than initially foreseen.

Director Day: Chair Ellis –

Chair Ellis: Yes.

Director Day: Just from my perspective, the Senator and I did have a conversation. The information is the same requirement. The collection hasn't changed from the original proposal of the rule. What happened though is there was confusion. Part of the requirement was just in the form itself. So after the last meeting there was discussion that it would be clearer if it was just in a single list so everybody could see what it was. So that's why it's listed in the rule. But the form itself is still pretty simple.

I understood from Mark Harris, and unfortunately I lost the context, but the format and the kind of form is something that's familiar to the industry already. That's my understanding. **I think probably the thing that may have some daily food and beverage sales question may have something additional, but I'm not familiar with**

what their accounting is. But it's just a number of daily food and beverage, so there's not a lot on the form. There is some accounting work in the background however. But that's all that was intended. And it ties directly to the Statutes which require the license is intended as a commercial stimulant. So one of the factors that might be important is does this have any impact on the law that provides a license for the purpose of commercial stimulant. That's what it's on there for.

Senator Delvin: It concerned me when it talked about the resource impacts. It seemed to me they're going to have increased time tracking this stuff and is that really worth a pilot project. Just let the rule go and see what happens. And if it doesn't work, it doesn't work. I'm just not sure what you're going to find out at the end.

Chair Ellis: Well I think at least in my mind, one of the important purposes served by the information concerning the number of players who were playing in games subject to the higher betting limits was simply to see what the demand was for these games. We know that there will be some concern by some people in the public about any increase in betting limits. The working group was not able to get a lot of information about what the demand is for higher betting limits. They did look at the limits in other states, and that wasn't particularly helpful as many states limits are extremely low or there is no provision for poker. So this was the only way, I think, that the work group was able to address the question of how many players were really interested in playing in games with a higher limit than a \$40 betting limit. But again –

[...discussion continued...]

April 26, 2012

TO: Rick Day, Director

FROM: Mark Harris, Assistant Director Field Operations

SUBJECT: TEXAS HOLD 'EM FINAL REPORT TO THE COMMISSION

The Texas Hold 'Em Wagering Limit Pilot Program began October 15, 2010. See attached copy of WAC 230-15-189 authorizing the Pilot Program and copies of Commission Meeting minutes where the Pilot Program Proposal was discussed. We provided the licensees with a Daily and a Monthly Tracking Record. The licensees sent the Monthly Tracking record to us by the 10th of the following month. Seventeen months of data was collected from the participants in the Pilot Program.

Since the start of the Pilot Program, 32 card room licensees (31 house-banked and one Class F) requested to participate and were accepted into the Pilot Program. Of those:

- 20 card room licensees (19 house-banked and one Class F) actually offered Texas Hold 'Em games with increased wagering limits over \$50 and up to \$100.
- As of the end of March 2012, 11 house-banked licensees were still offering the higher wagering limit.
- Eight card room licensees operated with higher wagering limits for one to five months then stopped, while some continued additional months before stopping.
- Three card rooms closed and three card rooms asked to withdraw from the program.
- Card rooms did not offer higher wagering limits every day. Of the twenty card rooms participating in the program, the number of days per month with increased wagering limits ranged from one day to 31 days. There were 144 individual licensee months where higher wagering limits were operated with a total number of 1350 licensee days where higher wagering limits were operated. The average number of days higher limits were operated per month was 9.4.
- The average number of players per hour when the higher wager limit card games were being offered was eight.
- Sixteen customers requested to be self barred while higher wager limit card games were being offered.
- There were no reported incidents of suspected cheating at tables offering higher wager limits.
- Staff did not experience any regulatory concerns resulting from the Pilot Program.
- The Director did not have to remove anyone from the Pilot Program.
- I received one call early on from the public with concerns about the pilot program regarding its effect on problem gamblers.
- Attached are two letters received from the public supporting making the increased wager limits permanent.
- Three card rooms operated the increased wager limits for over 100 days. Only two of those were still operating increased wager limit card games at the end of the program and only one of them operated higher limit card games almost every day of the program.
- Two of the card rooms reported an increase in food and beverage sales during the period of the pilot program while increased wager limits were offered.

Of the 20 card room licensees that actually offered Texas Hold 'Em games with increased wagering limits:

- One closed:
 - Drift on Inn - Shoreline
- Two requested to withdraw from the program:
 - Casino Caribbean - Yakima
 - Jokers Casino - Richland
- Six only operated increased wager limit card games on a very limited basis throughout the program before discontinuing:
 - Big Daddy's - Spokane
 - Crazy Moose - Pasco
 - Parker's - Shoreline
 - Silver Dollar - Millcreek
 - Aces Casino & Sports Bar - Arlington
 - Crazy Moose - Mount Lake Terrace
- Eleven are still actively operating increased wager limit card games. Of these:
 - Four just started operating the increased wager limits within the last few months of the pilot program:
 - Silver Dollar - SeaTac
 - Oak Tree Casino - Woodland
 - Lucky Bridge - Kennewick
 - Club Hollywood - Shoreline
 - Five averaged three days or less a month:
 - Classic Island Casino - Kennewick
 - Hooter's Owl Club - Spokane
 - Lilac Lanes & Casino - Spokane
 - Hideaway - Shoreline
 - Royal Casino - Everett
 - One averaged eight days a month:
 - Slo Pitch - Bellingham
 - One averaged 28.4 days a month
 - Last Frontier – La Center

Recommendation

Some key points to consider are:

- There were no reported cases of cheating while card rooms were offering the increased wager limits.
- Staff did not experience any regulatory concerns resulting from the Pilot Program.
- There was not an increase in the number of players requesting to be self barred while card rooms were offering the increased wager limits.
- There appeared to be some demand for the increased wager limit Texas Hold 'Em games though out the state and a high demand for it in a few specific areas.
- The commercial stimulant impact card rooms in the pilot program experienced was very similar to that of the Mini Baccarat test program:

- Two card rooms showing an increase in food and beverage sales while offering increased wager limits; and
- Although not a large percentage of the card rooms operated card games with the increased wager limits, there was some positive impact on the business.
- Increasing wagering limits is consistent with the Commission's statutory authority described in RCW 9.46.070.

If the Commission were to receive a petition to make the increased wager limits for Texas Hold 'Em permanent, staff would recommend filing the petition for further discussion.

Excerpt from May 2012 Commission Meeting Approved Minutes

Texas Hold 'Em Pilot Program Final Report

Assistant Director Mark Harris reported that the Texas Hold 'Em wagering limit program began on October 15, 2010. Staff gathered about 17 months worth of data from the program. Since the start of the program, 31 house-banked and one Class F card room licensees requested to participate. Of those, 19 house-banked and one Class F card room actually participated in the program and operated at the higher limits. As of the end of March 2012, 11 house-banked card room licensees were still operating at the higher limits. There was an average of a little over nine days that the limits were operated per month, with an average of eight players participating in the game when it was offered. During the program, 16 customers requested to be self-barred; there were no reported incidents of cheating during the time the higher limits were being offered at the tables; staff did not experience any regulatory concerns or problems during the program; and the Director did not have to remove anyone from the program.

Early in the program, staff received one call from the public concerned about the effect on problem gambling. Staff received four letters of support. George Teeny submitted a packet of information that included a letter of support from the Chief of Police of the City of La Center. Three of the card rooms actually operated the higher limits for over 100 days and two of those were still operating at the end of the program. One offered the higher limits almost every day of the entire program. **Two of the card rooms reported increased food and beverage sales during the offering of the higher limit games.** Of the 20 card rooms that operated Texas Hold'em at the higher limits, one closed during the program, two requested to be withdrawn, six operated at the higher limits periodically throughout the program before discontinuing, and 11 were still actively offering the higher limit games. Of those 11 card rooms, four just started offering the higher limits within the last four to five months, five offered the games about three days a month, one averaged eight days a month, and the one offered a little over 28 days a month.

There were no reported cases of cheating while the card rooms were offering the higher limits, staff did not experience any regulatory concerns from the pilot program, and there was not an increased number of players requesting to be self-barred while the program was being offered with the higher limits. There appeared to be some demand for increased wager limits throughout the state, with a higher demand in a few areas. **The commercial stimulant impact on the card rooms in the pilot program was similar to the mini-baccarat pilot program. This also showed an increase in food and beverage sales while the higher limits were being offered. Although not a large percentage of the card rooms offered the higher limits, those that did experienced some positive impact to their business.** Increasing the wager limits is consistent with the Commission's statutory authority described in RCW 9.46.070. If the Commission were to receive a petition requesting the increased wager limits in Texas Hold'em card games be made permanent, staff would recommend the petition be filed for discussion.

Vice Chair Amos asked if there were any questions; there were none.

Deputy Director Trujillo commented that he imagined the Chief of Police of La Center did not take writing his letter lightly, adding that he is a former Gambling Commission Special Agent.

Vice Chair Amos called for public comment.

Mr. George Teeny, said he had a couple businesses in LaCenter, including the Last Frontier that has 8 poker tables out of the 15 tables allowed in the state. He said he hoped the Commission had a chance to look at the packet of information he had provided for the agenda packets. It was a culmination of the 18 months. His card room manager at the nine-month mark offered up some conversation to the Commission in Vancouver. Mr. Teeny said the manager was very thankful that Mr. Teeny is now the one doing it and not him. Mr. Teeny said the packet of information should have given the Commission a general feel of where the card room has been and is going with the poker. Again, what they have is a general overview; he has more detailed facts in a book. He said he admired his staff because they take everything to the molecular level. So if the Commission needs any information about anything that deals with that packet, he can give them a song and verse to the point that it is almost ad nauseam. With that being said, Mr. Teeny's business, the poker room, is outstanding and the higher limits have proven to be a real benefit to him. Mr. Teeny said he did not want to be redundant, but he wanted to mention some things contained in the packet. Out of 534 days that this higher limit could have been played in the state since the inception on October 15, 2010, Mr. Teeny had the higher limits in 497 of those days, for a 93.1 percent average. A poker game took place in his facility 58,506 hours during those 18 months. Of that, 13,074 hours, or 22.3 percent, were higher limit games, or the pilot program games. The food and beverage numbers are a culmination of the club and are not specifically to the higher limits. That number should actually be bigger, but the reason why it is not is because he created a poker menu to service those players a \$2 or a \$5 meal that would normally be 2 to 3 times that price on the main menu. But it was an inducement for the players to come in and play. The players were able to acquire those meals at those discounts if they played for an extended period of time; it could be six hours, four hours, eight hours, or as the case might be.

One of the things that may mean more to a businessman than the Commission is the amount of new sign-ups that he has had. Most clubs in the state have some type of a player appreciation sign up card which means if they become a regular player and sign up with this card, the card will give them special benefits such as the discounted food, or maybe they will get a discount in clothing or gas cards. Mr. Teeny reported his card room has had a substantial increase since this higher limit went in. He was averaging about 14 or 15 signups a month and it skyrocketed to almost 33 a month on an average since the inducement of the higher limits. He could not attribute everything to the higher limits, but he did know that his poker room increased substantially in that area. Mr. Teeny said he could give the Commission stuff about face counts, new faces, and letters that were written. He was going to do kind of a petition where he would ask players if they wanted to keep this limit inside the club to please sign the petition. But his CEO, who Mr. Teeny said was smarter than he was, suggested that was a bad idea because then there would be petitions for everything inside the club, which is the last thing he wanted to do. But in making comments at the table, because Mr. Teeny does play poker with his customers, he made several causal comments. And from that there was a large response from people who wanted to send in letters. Mr. Teeny suggested that they not do that because he was not quite sure what they would say and he would like to filter them a little bit. Again, with that being said, there were 3 to 5 people who said they would like to do it. Mr. Teeny felt they were able to put two words together without insulting anybody, so the Commission may have received a letter from them.

Mr. Teeny said he had mentioned the game "Kill" in his packet, and he had somebody ask him what that meant. In the game of poker, there are things that are allowed in this state. One of them is "Overs," another one is "Kill," and another one is "Straddle." Mr. Teeny said he would not get into the minutia on the other two, but he explained that on the "Kill" game, if Commissioner Amos won a hand in this game and he won a second hand following the first one, so it is concurrent, and the pot that he drew met a certain dollar amount – say \$50 – they would take a button that is on the table, then go from a blank to a kill, and now the bets increase. His games have a 10/20, 15/30, and they have a kill. If that kill takes place, that 10/20 game would become a 20/40 game. If it was a half kill, it would go to a 15/30 game, if that makes any sense. Mr. Teeny wanted to give some clarity there because he had some people ask him what "Kill" meant. It is not doing anything bloody, unless the player loses maybe. So with that being said, Mr. Teeny asked if there was anything he could give clarity to, or if the Commission had a question.

Commissioner Rojecki asked if Mr. Teeny had any recollections or understanding from others in the business as to why they are seeing it being used sporadically in this kind of program. Some of it could be simply training amongst staff or confidence to introduce something; others must be demand. **Mr. Teeny** affirmed, pointing out that he had made note of this in the summary in his packet. There are about 140 card games that any facility in the state could use, and this poker happens to be one of those 140. It works for some demographics. Mr. Teeny said his background was poker. He understands how to play Blackjack, but to give an explanation about the odds, percentages, hands per hour, or win/loss rate, he would be lost. But if someone asked him the odds on hitting an inside straight, he could give them that. So poker means a lot to Mr. Teeny. When poker was brought into the state, or when it was in the state before it went to house-banked, he was very familiar with it. He is a poker player; he understands poker players. So it came natural to go forward with this, and it fit within his demographics. Mr. Teeny's customers understand him; a lot of the players came from the old days in Vancouver when Vancouver used to have poker, then they went from there up to La Center and so forth. For the demographics, his labor force is highly trained for it. Mr. Teeny considers his dealers to be some of the best in the country, not just the state, because they take pride in what they do. It may not work for other facilities. There is a place called Diamond Lil's in Renton with a huge Asian community; their poker room thrives. Why the owners chose not to go to a higher limit, that is certainly their business, but their business thrives because of the location, who they are, and the demographics. Mr. Teeny chose to put it into his card room and, obviously, like he said earlier, he has turned 8 of his 15 tables into poker tables, which is unheard of in the state, unless it is Diamond Lil's or possibly the Black Pearl that is trying to do nothing but poker. So that is one of the reasons.

Another reason why there are not very many games now is the lack of understanding and, maybe, the labor force. Again it was brought forward in the letter, and Mr. Teeny did not want to be redundant. Customers do not care about why a game is taken back or given away; they do not care about smoking and no smoking; they do not care about food being one price and now it is raised; they just know that they are mad because it happens. Several of the key people in the state that have rooms have shared with him that they would probably put in the higher limit poker, but they do not want to upset their players by giving them something, have everyone get comfortable, have them show up Sunday morning or whenever they play, and then all of a sudden tell them they cannot play anymore. They do not understand the reason why and the operators can explain to them until they are blue in the face, but it means nothing to the players; all they know is that something was taken away. If this becomes a

permanent rule, Mr. Teeny suspected there would be more clubs put it in, just from what he has heard from other people. He said it was a long answer to a short question.

Representative Timm Ormsby explained he was a new member on the Commission and was just trying to understand a little bit better. If he understood correctly, the utilization rate was about 93 percent of the days. He asked what determines that rate; if it was demand. He asked for a little background. **Mr. Teeny** responded that the way he has set it up in his card room, knowing there is a limited amount of poker players compared to Blackjack players, he decided to figure out what would be the best day for a 30/60 game, which is generally the largest game played with this type of limit. He decided Monday would be a good day, so he ran it on Monday, which turned out very well. The reason why is because it started at 8:00 in the morning. Monday is one of the days that his card room shuts down within a 20-hour period. So the game would go from 8:00 a.m. until 4:00 a.m., and then it is over. He protects his customers. Because the limit is high, he wants to make sure everybody comes back again tomorrow. The next day was Tuesday, so he went to a 20/40 game because the demand was there. And from that point on, he just ran – the highest game he ran was the 15/30 Kill, as explained earlier. And then the demand got to be so great that he decided to put 20/40 in on Friday, but he does not have the luxury of shutting it off after a 20-hour day, so it goes 24 hours after that. And so he has been able to run games Friday, then it carries over to Saturday, and sometimes it carries over to Sunday. Management regulates those games. Instead of having six 20/40 games, he has one 20/40 game and then the next game will be a 10/20 game, or a 15/30 game. He tries to massage the room so it works for the majority of players. That is generally the reason why, but it is from all the years that he has been doing it and understanding his customer base of what he can or cannot do, and it works. If the demand gets to be big, he obviously will listen to his players and do what he needs to do. Mr. Teeny had a huge demand for 30/60 on Sundays, so he ran it on Sundays; it lasted for two Sundays. It affected both Sunday and Monday, so he stopped doing Sunday because he wanted to make that 30/60 game special. And by doing that, he has attracted players from as far away as Eugene to the south and Seattle to the north to come and play in the game.

Vice Chair Amos asked if there were any other questions or comments; there were none. He asked if AD Harris had anything to add. **Assistant Director Harris** replied no, unless the Commissioners had any additional questions. The action staff would like the Commission to take would be to make a motion to accept the recommendations of the report.

Chair Amos called for public comment; there was none.

Commissioner Rojecki made a motion seconded by **Commissioner Gray** to accept staff's recommendations as indicated in the report. *Vote was taken; the motion passed with three aye votes.*

Commissioner Rojecki asked when this program stops if the Commission does not receive a rule petition. **Director Day** replied December 31. **Commissioner Rojecki** asked if the Commission had to have something in place before December. **Director Day** affirmed that was correct. Since there is no Commission meeting in December, the Commission would have to have the petition in sufficient time to get it done by November. **Vice Chair Amos** added that Mr. Teeny had made a comment earlier that there would be a petition.

MEETING TRANSCRIPT OF HOUSE-BANKED CARD ROOM WAGER LIMITS DISCUSSION FROM APRIL 13, 2023 COMMISSION MEETING

Alicia Levy: All right. Thank you. Anybody else? Okay. Any additional public comment? All right. Then we will go ahead and move on. I'm going to now go a little out of order and go to Tab 7, which is Petition for Discussion and Possible Final Action for Wagering Limits for House-Banked Card Games. Lisa McLean, the Legislative and Policy Manager again.

Lisa McLean: Since we are all on Rules, I'll ask your permission if I can stay up here.

Alicia Levy: Yes.

Lisa McLean: Okay. Yes. So referring to Tab 7 -- again for the record, Lisa McLean, Legislative and Policy Manager. This is a petition that we received from Vicki Kristofferson representing Maverick Gaming to increase the maximum single wager limit from \$300 to \$500 for all House-Banked Card Games and to create a high-limit room. We will go over all of these issues. What you all decided at the January meeting was to file language that would increase the maximum wagering limit from \$300 to \$500 for a single wager. At the February meeting, you also instructed us to do additional research, and in March you all deferred decision making in order to have a chance to study some research that we provided regarding the 2008 discussion of the increased wager limit and research that we provide you about the history of the change framework relating to commercial stimulant in law and in rule. We provided that field. There has not been any additional comment since the March meeting.

The other thing I would say is that at the February meeting, Commissioners asked staff to provide rule language on problem gambling signage for consideration. It should be noted that in the RCW it explicitly requires signage directed at individuals with problem gambling or gambling disorders. That is at the Gambling Commission, the Horseracing Commission, the Lottery Commission are to jointly develop problem gambling and gambling disorder informational signs, which include the toll free hotline number. And these signs shall be placed in the establishment of gambling licensees, horseracing licensees, and lottery retailers. As the current petition relates to wager limits, and the Commissioners have a separate but related interest in detailed rules related to problem gambling signage in house-banked cardrooms, one option would be for the Commissioners to instruct to initiate rulemaking for problem gambling signage separate from this current rule petition.

The benefit of doing that would be that the separate rule related to problem gambling signage could apply to licensees other than just the house-banked cardrooms. So staff is offered in this package potential language for a new rule that could be used to initiate. Your options are to take

final action now. That's the first one. The second option is to take final action and direct staff to initiate separate rulemaking process related to problem gambling signage. Third is to direct staff to devise amended rule language that would include problem gambling signage, and that would require including to refile the Notice of Rulemaking. Fourth would request staff to continue to do his research. And fifth would be to withdraw the petition, stating the reason for the withdrawal. And I might sit down to allow other people.

Alicia Levy: Thank you, Lisa. Are there any questions or comments from the Commissioners?

Sarah Lawson: Yeah. I'll make a comment -- several comments. So we have reviewed a lot of information here. And for better or for worse, the petition has sort of caused us to take a deep dive into the statutes related to social card games and house-banked cardrooms. And taking a look at all of the information that's been produced as well as the data that's been produced. I think that first -- well, let me go back. I think that what we see is two arguments here, that the wager limits need to be updated to reflect current economic conditions, and that the tribal compacts have been steadily amended, and so the house-banked cardrooms feel like they need to have Tribal parity. The Tribal arguments have been taken off the table previously by Commissioner Sizemore. So I'll just address the economic conditions. And I don't find the economic argument compelling. What we've seen so far is that even if we adjust for CPI, it doesn't reach the \$500 limit.

And there has been discussion of this possibly causing cardrooms to go under if they don't get the increased wager limit. But I know that in the table of house-banked cardrooms that we were provided from 1999 to 2022, the number of cardrooms has actually steadily declined over time, and it has leveled out now. But even after the wager limit was increased in 2008, the limit has declined. So really, there's no correlation between the wager limit [cross-talk] and the number of cardrooms. And so with that, the economic argument just isn't there for me. Again, we don't have a good argument on CPI because the CPI adjustment would come in lower than the \$500 that is being asked for. And then we also have this issue with statutory language. And that's been the deep dive that I think we've done, and it's worth addressing here because what I'm concerned about is that this issue keeps coming up.

Petitioners routinely petition for an increase in the wager limits. And so I want this on the record so that it's there for future Commissions because we know this issue will come up again, discussion of the statutory language. And so it's been proposed by the petitioners that commercial stimulant language, the clinical stimulant doesn't have to have the primary purpose of stimulating their food and beverage business. The rub for me there has been the question of, why would the Legislature take this language about having the primary purpose of stimulating the food and beverage business? Why would they take that out of the commercial stimulant legislation but leave in language about the business having to be primarily engaged in selling food or drink, leave that language in on RCW 9.46.0325 Social Card Games, 9.46.0702 saying that the business has to

be primarily engaged in the business of selling food and drink and continue to have this language and other parts of the RCW about car games being social pastimes.

And what's come in the materials that have been provided by Commission staff is some sort of explanation as to why things are the way they are. Right? So I was a history major in college. This is like what I do. I love why things are the way they are. And in the materials that have been provided by Commission staff, we know that there was a Gambling Policy Task Force. It was established by the Legislature in 1993, and the Taskforce made recommendations to the Legislature on gambling policy, one of which was that the Legislature should amend the Gambling Code to aid the Gambling Commission in enforcing the public policy of the state and in fighting illegal gambling. These changes should include streamlining the reporting requirements for commercial stimulant operators to the extent that this can be accomplished consistently with the public policy of the state towards gaming.

And so in response, the Legislature passed House Bill 2382, which specifically says that in its final report to the Legislature, the Taskforce on Washington State Gambling Policy included a recommendation that the reporting requirements for commercial stimulant operators be streamlined. House Bill 2382 is the legislation that amended the commercial stimulant definition to take out the words "incidental", so it no longer has to be incidental activity in connection with an established business, and it doesn't have to have the primary purpose of increasing food or beverage sales. So now we know, okay, well, this was taken out to "streamline" the reporting requirements for food and beverage operators. And the testimony for it says the commercial stimulant definition is very important. Washington State has 2300 commercial stimulant operators, each one has to document food and liquor sales versus gambling revenue.

This is burdensome on both the operators and the Commission. And so when you read that in connection with what is currently still on the statutes, what I believe you're left with is not intent on the part of the Legislature to increase gambling in the State of Washington but rather an intent that gambling in Washington in house-banked cardrooms and other social card games be just that, social card games. And we've gotten far afield of that intent in our successive increases to the wager limits in house-banked cardrooms. So I don't believe that it was the intent of the Legislature for house-banked cardrooms to get up as far as \$500. In fact, the original amount was only \$100. And they're limited to only 15 tables in the establishment. And we see testimony from Senator Prentice in 2008 that says, "I was having to reach back to the '94 statement, and that was the year after we had the '93 taskforce where there had been a group that went all over the state.

They went to Canada and down into Oregon. At that time, it was all five-table cardrooms. So a cardroom could have five tables. And the decision when we came back was that then they would go up to 15 tables. But the whole notion when we were talking about the criminal element -- and I remember this discussion because we said big-time crime is not going to be coming in when

you've got these kinds of limits. They can be big casinos, so we felt safe in doing that. So with these statements, with the way I read the RCW, with the history that I see here, it was not the intent of the Legislature to have house-banked card rooms become big time casinos that would have \$500 wager limits. And I think that, like I said earlier, we've gone far afield of that.

I think that the original intent was to have these be much smaller social card game rooms with much lower wager limits, like \$100. Granted, I don't think that we would consider rolling back the wager limit, but between the economic data that's been provided, and the deep dive that we've done on to the legislative history, it doesn't support an increase of the wager limit to \$500. Hold on. I'm not done yet. So the overall theme of the statutory scheme at issue here is that social card games are "social pastimes." We see that in RCW 9.46.010, where these are social pastimes, which activities and social pastimes are more for amusement than for profit. And again, we see that same language or similar language in the background to HB 2382, where it says that operator's gross receipts are generated through collection for time, not through the level of wagering at the tables. The State's authorization of social pastimes was solely intended for amusement rather than for profit.

Based on the legislative history, house-banked card rooms as they operate today have gone far afield of what the Legislature intended. Social card games were intended to stimulate a business primarily engaged in food and beverage and not to supplement the food and beverage business of a casino. And we also see in testimony from the petitioners in August of 2022, a petitioner said, "Food and beverage can be upwards of 30% of our revenues in the building. Well, if food and beverage is 30%, the other 70% is wagering. So again, this is not a business that's primarily engaged in food and beverage sales. The argument for petitioner on the economic side has been that food and beverage business is not sustainable on a standalone basis without stronger gaming revenue. But it appears to me that if your food and beverage business can't sustain itself, no amount of commercial stimulus is going to support that. Again, we're faced with this health of the industry standard.

That standard was actually not compelling to the Commissioners in 2008. Their statements by, at the time Chair Birnbaum, which are the same two arguments that we've been hearing from the petitioners today. Chair Birnbaum said the arguments we've heard from the proponents have primarily to do with two items. One has to do with the health of the industry, and one has to do with tribal parity. Either one of those arguments in my mind are compelling, does not our job to ensure the health of the industry. And it isn't something that I wouldn't ordinarily consider whether or not to enact a rule change. Similarly, I agree with Commissioner Parker that the notion of tribal parity is not on the table for all the reasons previously articulated.

So again, I think what comes to mind to me here is an opinion that was written by Justice Gorsuch when he was on the 10th Circuit Court of Appeals before he was elevated to the Supreme Court, on

a case that had been litigated off and on for 30 years. He started his opinion by saying, "I'm beginning to understand a little bit how Sisyphus felt. We just keep rolling the rock. And so here to prevent us from continuing to roll the rock, I am stating for the record that I don't believe it was the intent of the Legislature for the house-banked card rooms to have tribal parity in any sort of way. It's clear that the commercial stimulant language was amended for one small purpose, which was to streamline recordkeeping and not to expand gambling within the State of Washington. And not even addressing the tribal argument because the tribal argument is off the table. It was off the table in 2008. It was off the table in 2016. It is off the table again in 2023.

And finally, I'd like to address the letter that was sent by an attorney that was hired by the petitioners. In that letter, the attorney stated that the 1994 changes that were made to the definition of commercial stimulant, the attorney stated it needed to be changed so there was a clear understanding that the commercial stimulus -- in this case, card games -- need no longer be an incidental activity or primarily there to increase food and beverage sales. I believe that this misrepresents the clearly stated reasons in the legislation for why the Legislature chose to amend the definition. The record shows that it was in direct response to the '93 Task Force's recommendation, not as the petitioner's counsel would have us believe, to make it so that the commercial stimulant no longer needed be an incidental activity. And it also mischaracterizes the testimony offered in favor of the amendment and pulls it out of context.

Definition of a commercial stimulant was important to Washington's 2300 operators at the time because of the burden of reporting and, again, not as commercial petitioner's counsel would have you believe, to remove the incidental language from the statute. Furthermore, entirely consistent with the legislative intent of the act that wagering limits be updated to reflect inflation, and the increased cost of economic conditions. In fact, testimony was given at the time on the subject when the Legislature increased what cardrooms could charge in 1994. The Testimony noted that the increase was necessary to "keep up with inflation." But this is testimony and not the Legislature's stated reason for enacting the change. The statute had nothing to do with wager limits. So with that, I would concede the floor to the rest of my Commissioners and ask if you have any comments or questions to please let me know.

Alicia Levy: All right. Anybody have any other questions or comments? I guess I will if I may. I, first of all, very much appreciate the whole work that you've done. I've tried to do my homework as well. And I think I do concur on many of the points that you've made. Where I might diverge is that I believe that we have the authority to increase wager limits. And I think it is something that the past Commissions have done, and I think that we continue to have that authority. So with that, and I mean, I think the other kind of definition of primarily -- I definitely infer that to mean that there is primarily selling food and beverage for consumption on premise. They're not selling kayaks or running a rental shop or something like that. So I mean, I'm convinced that we do have the authority to increase wager limits. I think your point to whether 500 is the right number or not

has merit. And I mean, I just did a little bit of research based on -- and this is where statistics and liars and that whole thing certainly comes into play.

If in fact, you started in 2000 when the limit was \$100, and then tried to determine what that would be today, it would be \$175. If you started in 2004, when it was \$200. It would be \$320 today. If you use the 2009 number of \$300, that would be \$420 today. So I've had conversations with the petitioner in the past, and I didn't have a preconceived notion of where I might land or end up on at the end of this very comprehensive look back. But I do believe that at that time, I said that I felt like a \$400 or \$500 limit could potentially be reasonable, but I think I probably was pretty clear that I wasn't interested in high limit, like \$1000 limits or the argument that it needed to be parity with Tribes. So with that, I guess, just kind of a little stream of consciousness of where I'm feeling now.

Sarah Lawson: Yes. And I don't mean this was a rebuttal at all. I don't disagree. We have the authority to set wager limits. And I, too, was willing to consider the economic data because everyone understands that inflation has been an issue, and supply chain issues have been an issue. Where I have come to diverge is when you look at the legislative history and look at the economic data through the lens of the legislative history, and that's where we have gone far afield, I think, from what the Legislature intended in allowing house-banked card rooms. And so outside of any adjustment for CPI, I think that we need to come back and fall more in line with what we have from the Legislature. And that is that these are supposed to be social past at times that are more for amusement than for profit. And in that regard, again, I'm not saying that we should ratchet the wager limit down at all, but I can't support and increase -- any increase. Any other comments? Commissioners?

Julia Patterson: I just have a question. I've been on the Gambling Commission for almost 10 years. And it was just recently that this issue was brought to my attention. I'm wondering for staff that have been here for a long time has this issue been -- does it come up regularly? Has it come up through the years regularly for debate for consideration. Has it been raised in the past? Have any of our Ex-Officios told us that we were getting far afield from legislative intent when we raised the limits in the past? That would be interesting to know that the Ex-Officios would be keeping an eye on legislative intent more than just about anything I imagine. Do we have any record of this kind of division with regard to this issue from any other time when we've been making this rule change?

Tina Griffin: Lisa McLean is able to answer that question.

Julia Patterson: And I'm just curious -- excuse me for interrupting -- do we have Ex-Officios with us here?

Alicia Levy: In earlier.

Tina Griffin: None.

Bud Sizemore: They weren't in.

Suzanne Becker: No.

Julia Patterson: Okay.

Lisa McLean: For the record, Lisa McLean, Legislative and Policy Manager. I would like to refer you to page 395 in your huge packet. That's the April Commission Packet, not just this separate thing, Commissioner Patterson, because I think that paper is here [cross-talk] --

Julia Patterson: Thank you.

Lisa McLean: So if we look at that, we see that remember, the house-banked cardrooms were approved in 1997, and they spanned from 1997 until 2000. The staff had rules, and they developed the rules over time. So they had these different limits, and then they expanded limits, and they found that there were problems, and there was a violation here or there was violation here, and so they tweaked a rule, and then they brought in ideas about surveillance rooms. And so there was a whole discussion over a period of time, and it wasn't until 2000 they came in, April 2000. The Commission agreed to the permanent rules related to this issue. Okay? And Commissioners seem to have been part of that process all the way along. In fact, Commissioners at Commission Meetings up until 2003 would review reports of house-banked card rooms and would hear about a violation or would hear about whether or not they paid their taxes.

We would hear about a report from local police as to what impact the house-banked cardroom was having, so they were very involved in this process. When the issue came up for increasing again in August 2003, I'm not going to get into all the details of it, but there was a similar big debate as I think we're having here that in the time that I've been here, much discussion. Discussion was never about tribal parity. The discussion was more about -- a lot of it focused as it did in 2008 on the expansion of gambling.

Julia Patterson: Was there discussion specifically on this topic of food and beverage?

Lisa McLean: No. Nope. Never. Not about commercial stimulant, not about tribal parity, but the argument was again put forward as we need to be able to be competitive, but [cross-talk] --

Julia Patterson: Then by being competitive, are they talking about competing with the Tribes? Or were they talking about being able to compete in general in a capitalistic society where prices are going up?

Lisa McLean: Some of it was in general, and there was I remember one section in particular was about the fact that sometimes not all people have the same competitive problems because of the proximity to other cardrooms or other gambling establishments. So the other issues were if we were to consider this, would it encourage others to increase to ask for increase in limits? And they were referring to nonprofits and fundraising individuals. And then they also at the time brought up the issues of raising revenue, increasing margins, and the like, and there was no discussion as to whether or not -- there was one comment as you have raised, Commissioner Lawson, about the fact that I don't think we're here to worry about the health of the industry, but that wasn't a large part of the discussion.

So as I was reading through -- especially the 2003 discussion -- it reminded me very much of the to and fro here but not in the way that they were not talking about commercial stimulant. Not at all. It was much more an argument about, is this an expansion of gambling? And is this a decision for others to make?

Alicia Levy: So, I'm sorry. Can you say that again? In 2003, it was expansion of gambling, what?

Lisa McLean: Expansion of gambling wouldn't encourage others like nonprofits and fundraising establishments to seek higher limits. And then they also discussed the need to raise revenue -- the petitioners would discuss the need to raise revenues and increase margins. And the Commissioners would say at times, "Well, is that our business?" Okay? And then the increase in 2006, that was actually a pretty straightforward one because what happened was you went from \$100, but some tables can be \$200.

Julia Patterson: Hmm.

Lisa McLean: Okay? And so going to \$200 straight was about the fact it was about making it clear to you go in a cardroom, and you know that you can bet \$200 everywhere. That would make it easier for the client, it would make it easier for the establishment, it would make it easier for the Gambling Commission staff who have to regulate. And it knows exactly that all of these tables were \$200 as opposed to some of them were \$200, and some of them were \$100. And then you have all the detail about 2008, which is largely focused on expansion of gambling, as we put in our in our packet that we gave you last month.

Julia Patterson: Mm-hmm. So the commercial stimulant issue is new to the Gambling Commission at this time.

Lisa McLean: From my extensive reading of minutes, yes.

Julia Patterson: And we've never -- have we ever? So have we ever -- I wish we had our ex-officios here because they really are the ones who should be helping us with this question of legislative intent. I mean, who knows what the legislative intent was. Right?

Suzanne Becker: Well, and Commissioner, this is where we are looking at the language of the statute as we have it today. And so that is what is before you right now.

Alicia Levy: Right.

Suzanne Becker: And your statute does clearly permit you at your discretion to -- sorry, I just had the language here.

Alicia Levy: Your point is well taken.

Suzanne Becker: Okay.

Alicia Levy: Thank you.

Suzanne Becker: All right.

Alicia Levy: I think we've gotten a little off track going back through all this history and reviewing all of this and looking at it all when we should just be really looking at the statute today. I think it does allow us to do this.

Julia Patterson: Yes.

Alicia Levy: [Audio cuts out] Oh. Is that Bill McGregor. Is your hand up?

Bill McGregor: Yes. Thank you. Bill McGregor, for the record. I've been with the Commission for 33 years as Special Agent Supervisor. At the risk of speaking out of turn here one thing I wanted to be sure and point out is, Commissioner Lawson, your discussion on the legislative changes and stuff regarding commercial stimulant, all took place prior to house-banked cardrooms being approved. And so one thing to remember is house-banked cardrooms, when we added those, we added a lot of expenses to licensees in order to operate those. So just for information and when the Legislature was talking about those things, the biggest activity at that time was in fact that issue was in fact regarding to pull tabs and not cardrooms at that time. The Legislature since authorized the house-banked cardrooms. And so hopefully that helped.

Alicia Levy: Thanks. Yeah, I think that's very helpful. Thank you. Any other comments, questions from Commissioners?

Bud Sizemore: Maybe after public comment, maybe.

Alicia Levy: Do we have to?

Multiple Speakers: [laughter]

Alicia Levy: Okay. Any public comments? Anybody?

Victor Mena: Madam Chair, Commissioners, staff. Victor Mena. And I operate Last Frontier New Phoenix Cardroom Game Center. This discussion has obviously gone into great depth as far as the right and the wrong, whether or not we should have an increasing wager. So I think for me it doesn't boil down to something more simplistic. You know? It is a cost issue for the operators right now to see the wager limits go up. We haven't seen the increase since 2009. And since 2009, we have seen a decrease in cardrooms. I mean, it's apparent. So if you take a look at the graph, it does show a reduction. Part of it is because we are highly regulated. Part of it is because we do spend money on having security, surveillance, cage, activities to regulate and control to keep gambling safe and honest for the public. So the statute was created in such a way to be able to afford the public to have confidence in having these operations maintain themselves correctly. So part of that cost for us is maintaining the ability to keep gambling safe and honest.

It is a situation where we are seeing many, many more cost increases erode the cardroom industry as a whole. We're at 38. There are some pending. There are some closures. They'll continue to drop off unless we see a little bit of an increase here to be able to survive the justification of the regulatory requirements needed to operate these businesses. As far as the fact that this issue has been contentious for, well, your paperwork says 2008-2009 we've been discussing a \$500 wager limit. This is the fourth time asking for this wager limit. It's not a new discussion from that standpoint. It is a situation though, where I do feel that the time might be right to see the increase. It's not an unusual limit across the country or anywhere else for that matter. So this is something that I believe would be beneficial to the industry, as well as you guys are going to be discussing here momentarily the license fee increases of 60% going up, and they're going to go up July 1st, and that's going to be mandated across the board.

You guys are looking at a decrease in pull tab licensees of 400 different licenses for the last four years due to post-COVID issues. Well, the reason there are 400 less licenses is because it is cumbersome to do pull tabs. It is cumbersome to operate those things profitably, to do them correctly, to do them properly and safe. So there is a cost associated with a lot of these things.

Okay? And we want to make sure that we're able to do things the right way. I will entertain any questions.

Alicia Levy: Thank you. Does anybody have any questions?

Sarah Lawson: I actually have a question real quick. So looking at this economic chart that we have, you mentioned that the number of house-banked cardrooms has declined since 2009 in the last increase, but that number was declining even prior to that. [cross-talk] --

Victor Mena: Yes, and I do agree with that. I think there was a saturation of the market. So what you're seeing in that curve is a brand new industry being created and everybody coming into the industry, taking participation in that business model. What occurred is it got heavy growth and then we saw a reduction. We saw a contraction because it grew outside of its market. Essentially, the market was satisfied. And as a businessperson, you look at market conditions. Is the market satisfied? Can the market handle some of this activity? Your graph shows exactly the ramp-up to the business, and then it shows the decrease as it has occurred.

Alicia Levy: Okay. Thank you. Thank you. Any other public comments? You do? Okay. Is there anyone online I'm not seeing? Okay. Nobody? All right. Anything else from any of the Commissioners?

Bud Sizemore: Yes, please. So this is not in the form of a motion, simply, I guess for further discussion. And maybe it's a question for staff. I believe -- or just let me know, I guess, if I'm accurate or not -- a motion to change from \$500 to \$400 as for further consideration, would that be in order today? [cross-talk] I mean, we're in the process.

Tina Griffin: I mean, you can make that change. You can make a motion to change at any time.

Bud Sizemore: Okay. And so if, in fact, that was moved, seconded, and passed, would we -- it would seem to me to be best to then refile a new 102 at that level?

Tina Griffin: Yes. We would definitely need to refile a 102.

Bud Sizemore: So then time-wise from there, where would that put us in considering this? When could it come back for final action?

Tina Griffin: Can you give me a minute to look at the code revisers [cross-talk]? I have it here, I think. [audio cuts out] Yes. So the earliest you would be able to take final action would be after May 23, 2023. We don't have to get hold of a Special Commission Meeting or wait until the July Meeting, which I'll put a plug in. It is held over an extra week so July 20th through the 21st.

Bud Sizemore: Right. All right. Okay. Thank you for that. And I guess just for my fellow Commissioners, one other factor that hasn't been discussed as of yet is certainly increased fees was brought forward. And I think the other consideration that we ought to keep in mind is that we are there with the Legislature passed a law or a bill that will be doubling the B&O tax for the benefit of problem gambling. So, I mean, in my mind I think that there is some validity from 2009-2023, I think it's reasonable to raise the limits to \$400 so that as new fees roll out, as taxes increase, I think, to that extent, and I have no idea how much additional revenue that is going to generate for house-banked cardrooms. But if they have got a bunch of people playing on \$300, they'll probably have a bunch of people playing at \$400, or some portion, whatever that portion is.

And I seem to recall that was in our materials quite a while ago, a kind of estimate of that. So if \$400 is palatable versus \$500, I would like to get that ball rolling so that we can get to a final decision. But if \$500 is palatable for folks, then I guess a motion to change it to \$400 would probably lose or would die, and then we could continue, I guess, at \$500. So then if I move to change it to \$400, and that motion wasn't adopted, then this rulemaking continues. Right? Yep. So I will make a motion to change [cross-talk] --

Sarah Lawson: Oh, oh, Bud, before you make your motion [cross-talk] --

Bud Sizemore: Yes.

Sarah Lawson: Can I say something?

Bud Sizemore: Absolutely.

Sarah Lawson: Sure. So you know this Commission has the authority to set wager limits, but we have a public policy directive from the Legislature that says that, again, we are regulating social pastimes, which activities and social pastimes are more for amusement than for profit. And so with that, I'm not blind to the economic pressures but, again, I think that the wager limits as they are currently set align with the public policy set out by the Legislature in 9.46.010, and I don't see any reason to increase.

Alicia Levy: Okay. So, Bud, what you're saying is you want it to be \$400, not \$500?

Bud Sizemore: Mm-hmm.

Alicia Levy: Is that what you want to move forward with?

Bud Sizemore: I guess I will state for the record, I am comfortable with if it was up for final action and it was \$400, I would vote yes today.

Alicia Levy: Okay. So currently, what we're saying is that \$500 is what is up for final action, so we would have to redo this whole process, at least [cross-talk].

Julia Patterson: Mm-hmm.

Bud Sizemore: Well, not the whole process.

Alicia Levy: No. We'd have to refile and then [cross-talk] kick it out another [cross-talk] --

Suzanne Becker: So what the Director is saying is that you would refile the CR 102, and then final action could be taken after May 23rd.

Alicia Levy: And then we're not having a meeting in June, so it would be July.

Tina Griffin: [Indistinct] you can always choose to hold an -- you can always hold a Special Commission Meeting if you so chose, but then the effective date is always 31 days after filing with the code reviser. So because you approve it doesn't make it effective. It's 31 days from when we file the CR 103 with the Code Reviser.

Alicia Levy: I guess I would be fine with keeping it at the \$500. Go ahead, Commissioner Patterson.

Julia Patterson: You guys are ahead of me. I need clarification on something I heard earlier to help me here. I thought I heard earlier that this public policy that Commissioner Lawson is referring to was written and passed into law at a time when house-banked cardrooms did not exist. Is that what I heard? It was [indistinct] the intent was to -- I mean they had pull tabs. So were there cardrooms in existence legal [audio cuts out] existence at the time that this legislation was adopted -- these changes were made?

Suzanne Becker: So I would have to double-check the legislative history, but the public policy of the State of Washington presence started the gambling [audio cuts out] to keep the criminal element out of gambling and to promote the social welfare of the people by limiting the nature and scope of gambling activities. And I think that that's been consistent from the start. But if you want to hold me to that, I'd want to double-check it. And so that has been since the 70s.

Tina Griffin: So the house-banked cardrooms were -- so social cardrooms were approved, not it '75. I don't recall. Or excuse me, I think not in '73 but a few years thereafter. So cardrooms have been authorized for a long time. House-banked cardrooms -- let me go into the definition of social

card game. That was amended in '97. Oh, excuse me. Social card game, that definition started in '97 but it did allow for -- yeah, that's the [cross-talk] tables for 15. So the social cardrooms were authorized prior to that. It's the house-banked cardrooms that have limits of 15 tables, etc., that went into effect in '97.

Suzanne Becker: And remember that we're looking at your statute as a whole right now.

Tina Griffin: A gambling act.

Suzanne Becker: Yes.

Tina Griffin: Yeah.

Sarah Lawson: So that regardless of when the public policy was stated by the Legislature, it is still public policy now and not frozen in time in '94. Is that what you mean?

Suzanne Becker: It is still an active of your statute, yes.

Julia Patterson: Well, I might be off base, but we're talking about intent. I mean, isn't that relevant when we try to assume what the intent of the Legislature was at that particular time?

Suzanne Becker: So I think legislative intent is always part of statutory interpretation. But how far and how to interpret that is sort of open to much -- I'm trying to look for the right word here -- much debate sometimes. So I think what we have right now is the plain language of your statute. I [audio cuts out].

Julia Patterson: I have a question about process, Madam Chair. When we move forward, would we put the motion that has been publicized on the floor, and then would Commissioner Sizemore move to amend it? Or what would the process be in order for him to have his proposal be considered today?

Alicia Levy: I think that's what Tina Griffin was explaining. Right?

Tina Griffin: Yes. You can go ahead and make a motion to amend.

Bud Sizemore: To modify.

Tina Griffin: To modify, yes.

Julia Patterson: But you would have to -- oh, he could make -- well, we have to put the motion that has been publicized on the floor in order for him to be able amend. Is that correct?

Bud Sizemore: Its an active rulemaking. I don't think that -- [cross-talk]

Julia Patterson: I don't know.

Bud Sizemore: -- you have to do that senate stuff or whatever. I mean, I think that just be [cross-talk] --

Julia Patterson: We can just put it [cross-talk] --

Bud Sizemore: It would change. Yeah. This rulemaking would change from \$500 to \$400 if it was adopted. And then they would have to refile a new 102.

Tina Griffin: It still falls under the umbrella of the 101 that was initiated [cross-talk] it wouldn't change the scope of the 101. It just [cross-talk] --

Bud Sizemore: Specific language. [Cross-talk]

Tina Griffin: [Cross-talk] Right.

Julia Patterson: Got it.

Alicia Levy: [Indistinct].

Julia Patterson: Mm-hmm. It must be one to have a special meeting.

Alicia Levy: Like in June.

Bud Sizemore: Would you accept a motion at this time, Madam Chair?

Alicia Levy: Sure.

Bud Sizemore: I move that we modify this rulemaking of WAC 230-15-140, and rather than \$500 that the single wager must not exceed \$400.

Alicia Levy: A motion? A second? I think we have a second [cross-talk] --

Bud Sizemore: Okay.

Alicia Levy: -- because the motion is on the table. So do we have another motion?

Sarah Lawson: I move to deny the petition as stating the -- sorry. It's like reading straight verbatim stating the reasons for the denial. Oh, that's where I'm supposed to insert the reason for denial. Okay. Let me start over. I move to deny the petition on the basis that the economic data does not support the rule change. Sorry. I'm having trouble with the language that was provided here, so I'm going back to what is in the materials. Yes. I make them [indistinct]. Strike that. Let's start -- third time's a charm, guys. Withdraw the petition -- I move to withdraw the petition in writing stating the reasons for the withdrawal and specifically addressing the concerned state of petition, which are the economics require increase in the wager limit. Can you guys translate that for me [cross-talk] what I really mean? Right. I move [cross-talk] that we deny the petition as petitioner has claimed in their petition, they need it for economic reasons. But in my motion, the economic reasons are not there.

Alicia Levy: Okay.

Suzanne Becker: Okay. So what I'm hearing is that you're making a motion for withdrawal of the rule. The basis for this withdrawal is that while the petitioner is asking for a wager increase based on economic reasons based upon further review of the economics, you do not believe that the economics support such an wager limit increase.

Sarah Lawson: That was long.

Suzanne Becker: Sorry. I'm on [indistinct] --

Sarah Lawson: But yes.

Suzanne Becker: Okay.

Alicia Levy: Do we have a motion?

Julia Patterson: Yes.

Alicia Levy: And a second? Okay. No second. That motion also dies.

Bud Sizemore: So we're still here. Talk about it again next month, I guess.

Alicia Levy: No. That's one of our options. I would -- can I make a motion?

Julia Patterson: I can make a motion.

Bud Sizemore: Or you can do a final action is another option.

Julia Patterson: This is fine. So I don't -- Madam Chair. I don't know what we've learned today that could justify us delaying taking vote.

Alicia Levy: I agree.

Julia Patterson: I mean, it's a tough vote. We've been pulled in both directions very powerfully, very effectively. It's like most things, a lot of things, there are powerful arguments here. But I don't know that by waiting another month. It feels like we're just delaying doing the hard thing we're doing.

Alicia Levy: Right. And I guess, yeah.

Julia Patterson: So I would like to go ahead and make a motion that we move forward with to approve the wagering limits for house-banked cardrooms. And it says here for final action 31 days after filing with the code reviser's office and direct the staff to initiate a separate rulemaking process related to problem gambling signage. And that would be the \$500 limit. Unless one of you can convince me that there is something else that we have learned today that we should spend another month studying. I'm very open to that.

Suzanne Becker: And Vice-Chair, my one comment would be, I think that was meant to be two separate motions, so you might want to do a motion first on the house-banked [cross-talk] --

Julia Patterson: Okay.

Suzanne Becker: -- wager limits and then [cross-talk] --

Julia Patterson: So let me amend my motion to take the part about rulemaking for problem gambling signage out.

Alicia Levy: It's been moved. And I will second that motion. Do we have any further discussion?

Bud Sizemore: I wish that my motion for \$400 would have passed. I do not think that \$500 is the right number. And a 60% increase in wager limits in a very established cardroom atmosphere I don't believe is warranted. I believe that \$400 would have provided additional gaming revenues for cardrooms at a time when we are asking them to support the Agency at a higher level, support problem gambling at a higher level, but I am not comfortable with \$500. I will be voting No.

Sarah Lawson: You already know my position.

Anders Ibsen: I'll make a brief comment if that's okay, Chair.

Alicia Levy: Uh-huh.

Anders Ibsen: Thank you. The gravity of this issue is not lost to me, even though I was disappointed yesterday. I will be abstaining from this vote purely for the interest of the appearance of fairness seeing as that there were many substantive conversations despite reviewing the voluminous tones of data and minutes and so forth on this. At the same time, there is still no replacement for expert testimony from staff briefings. And I personally do not feel comfortable making a direct decision yay or nay on this by not having been there given the gravity of this. So in the interest of the appearance of fairness of this process, I personally will be abstaining my vote.

Alicia Levy: Thank you, Commissioner.

Julia Patterson: So, Madam Chair, I'd like to withdraw my motion.

Alicia Levy: Okay. What [indistinct].

Bud Sizemore: I didn't do that second. She has to withdraw her second.

Alicia Levy: I withdraw my second.

Julia Patterson: And I'd like to reoffer Commissioner Sizemore's previous motion to move forward with the \$400 limit.

Bud Sizemore: I would second that.

Alicia Levy: I had a question. And maybe this doesn't make any sense -- nah, never mind. Okay. So it's been moved and seconded for a \$400 increase.

Bud Sizemore: Increase to \$400.

Alicia Levy: Oh, right. [Cross-talk] [laughter] an increase to \$400. Any further discussion?

Julia Patterson: This sausage making is what it is.

Alicia Levy: All right. And moved and seconded. All those in favor, say Aye.

Multiple Speakers: Aye. Aye. Aye. Aye.

Alicia Levy: All those opposed.

Sarah Lawson: Nay.

Alicia Levy: And --

Anders Ibsen: Abstained.

Alicia Levy: And one abstention. So the motion passes 3 to 1, with one abstention. So thank you.

Tina Griffin: Chair.

Alicia Levy: Yeah.

Tina Griffin: I'm sorry [indistinct] --

Alicia Levy: Oh, we need another motion.

Tina Griffin: Thank you.

Alicia Levy: [Indistinct].

Julia Patterson: Madam Chair, I move that we direct staff to initiate a separate rulemaking process related to Problem Gambling Signage.

Sarah Lawson: [Indistinct].

Julia Patterson: I'm making a motion that we direct our staff to come forward asking them to initiate a separate rulemaking process.

Sarah Lawson: For problem gambling signage.

Julia Patterson: Yeah.

Sarah Lawson: Yeah.

Suzanne Becker: I'm so sorry. Okay. Go ahead with that, and then I'll jump on in. [indistinct] --

Sarah Lawson: I'll second.

Alicia Levy: Okay. It's been moved and seconded. Staff to initiate rulemaking on problem gaming. Signage.

Julia Patterson: That's correct [cross-talk] --

Alicia Levy: Is that correct? Okay. Any further discussion on that?

Bud Sizemore: I think I appreciate the motion. I think it is a little premature or not necessarily -- and I think about the discussions we have related to problem gambling related to this wager increase I think that they should be de-linked, and we kind of are doing that. But I'm not quite sure. It's been a few years really since we've had a good briefing on the training that's been the dealers and people that work within the cardrooms get, how they're kind of the state of the problem gambling in that industry kind of across cardrooms. We haven't really talked about it the last few years. I know the Problem Gambling Taskforce has done some great work. And I'm still trying to digest all of the things that that brought to light. I would like to give ourselves a break for a couple of months before we dive into this. And I know you have a timeframe that you'd like to be [cross-talk] --

Julia Patterson: No.

Bud Sizemore: -- able to do some of this stuff. But I would really like to before we get started on that endeavor, I'd really like to hear what are our cardrooms doing? What is the training like? How are they doing with self-exclusion? All those sorts of things that I would rather have a few more months before we have to [cross-talk] delve into that and add that to staff's plate.

Alicia Levy: Doesn't this just start the process, though? Wouldn't we still have time -- or would this be on -- because this is totally separate.

Tina Griffin: Right.

Julia Patterson: Right. This is a separate motion in the way I was thinking about it, Mr. Sizemore, is that initiating this rulemaking process would do exactly what you're asking for? I mean, we could tell staff that this is not a high priority, but all that information that you're interested in, I've been asking for some of that information personally, and I think they've done a lot of the background work on it. So what I hear is your concern for us overwhelming staff when I hear.

Bud Sizemore: Yep. So I just think we should very Honestly asked you if this is timely or not. This is something that you think that you could accomplish or if it would interfere with any of the other important things we're doing?

Tina Griffin: This would be to file the 101. And I think it is somewhat timely because we have the self-exclusion report of the first year with the metrics. And the 101 can live forever, so for however long Suzanne [cross-talk], and so there is no time limits to it. So if the requests become too voluminous, then yes, we may ask for things to be slowed down a bit.

Bud Sizemore: Yep. That's fine.

Alicia Levy: Okay. So it's been moved and seconded for to ask the staff for rulemaking on problem gambling materials.

Julia Patterson: And signage.

Alicia Levy: And signage. Okay. All those in favor, say Aye.

Multiple Speakers: Aye. Aye. Aye. Aye.

Alicia Levy: Any opposed? Okay. Motion passes 5 to 0. Now [cross-talk] --

Suzanne Becker: Madam Chair?

Alicia Levy: Yes.

Suzanne Becker: I'm so sorry. Just to break in and clarify the prior motion regarding the house-banked cardrooms wager limits. We may want to -- I know that you discussed it before, but may want to clarify that it is to amend the language and refile the CR 102 and bring this back to the Commission for final action. Correct?

Alicia Levy: Correct.

Suzanne Becker: Okay. Just for clarity --

Julia Patterson: Yes.

Suzanne Becker: -- you might want to do one more motion just to clear that up some.

Alicia Levy: Does anyone know how to do that?

Julia Patterson: So tell me what the motion needs to be so that we get it right -- get the verbiage right.

Suzanne Becker: So right now, you are looking to amend the draft rule language to a \$400 wager limit. And you are asking staff to refile the CR 102 with that draft language and bring this back to the Commission for a public hearing and final motion. And are you requesting a special meeting? Or are you discussing this at the July meeting?

Julia Patterson: Do I need to have that in the motion?

Suzanne Becker: No. But that might be details staff might appreciate afterwards.

Julia Patterson: Okay. So we should probably pass the motion first, and then we could talk about that detail. [cross-talk]

Suzanne Becker: Yeah.

Julia Patterson: Okay.

Sarah Lawson: So do I need to withdraw my other motion to offer this one?

Alicia Levy: No, wait. Bud needs to withdraw. Right? [Cross-talk] --

Julia Patterson: Excuse me. You're right.

Alicia Levy: [cross-talk] Patterson.

Suzanne Becker: Vice-Chair Patterson made the motion. So it would be hers to withdraw.

Julia Patterson: All right. So I do withdraw that previous motion. Can I do that? [cross-talk] It's already been voted on.

Anders Ibsen: It'll pass to someone who voted on the prevailing side can reconsider it.

Julia Patterson: Right. Having voted on the prevailing side, I'd like to reconsider the motion. Do you have to vote on that?

Bud Sizemore: It's like [indistinct]. [laughter]

Alicia Levy: Okay.

Tina Griffin: Yeah [audio cuts out] you said.

Julia Patterson: I can verbalize what she said. So I [cross-talk] --

Suzanne Becker: So I think that was [cross-talk] your [cross-talk] --

Julia Patterson: I move to withdraw my previous --

Alicia Levy: Amend.

Suzanne Becker: You're moving to amend your previous motion.

Julia Patterson: Right.

Suzanne Becker: And then you have the language there with which you need to amend it with written down.

Julia Patterson: Okay. And then [cross-talk] --

Suzanne Becker: Right.

Julia Patterson: -- let someone else.

Tina Griffin: Yeah. And refile the 102.

Suzanne Becker: Right.

Julia Patterson: Okay, so in that case I need to amend the draft rule language for a \$400 wager limit and that direct staff to re-file the CR 102 and that the staff then brings that language back to the Commissioner for consideration [indistinct] and filing.

Bud Sizemore: And I'll second that.

Julia Patterson: Okay.

Alicia Levy: Okay. It's been moved and seconded. All those in favor, say Aye.

Multiple Speakers: Aye. Aye. Aye. Aye.

Alicia Levy: Any opposed? We're closing.

Sarah Lawson: For what?

Alicia Levy: The \$400 limit.

Bud Sizemore: The \$400 wager.

Sarah Lawson: You're back on that?

Anders Ibsen: That was just to get [indistinct] [cross-talk] --

Julia Patterson: I was just getting the language correct.

Sarah Lawson: Hey.

Alicia Levy: So the motion passes 3 to 1, one opposed and one abstention. Okay. Let's take a 10-minute break [cross-talk] and we'll be back at 2:40.

Julia Patterson: I was just saying that when having voted on the prevailing side asked to reconsider the vote but didn't have the language that you wanted, I think that there --

[break]

[end of audio]

Alicia Levy: Okay. Welcome back to today's Commission Meeting. It is now 2:41, and we are going to go into [cross-talk] petition for discussion of progressive jackpots.

Julia Patterson: Do you want me to make another motion?

Alicia Levy: Oh, yeah. Never mind. We have to make another motion. Sorry, I forgot already.

Julia Patterson: Oh, with regard to the motion we just passed on house-banked cardrooms wager limits? I have to offer up a third time. And the reason why is because I said for final action, and it's not for final action, it's for possible action. So do I have to move to reconsider the motion I just made?

Suzanne Becker: Well, I think it's what you did last.

Julia Patterson: Okay.

Suzanne Becker: Right. So to be consistent, but I think the main thing is to state the motion clearly.

Julia Patterson: All right. So Madam Chair, for the third time, I'd like to move to reconsider the motion that was previously made on house-banked cardroom wager limits. And the reason why is because in that motion I said that it would be for final action. And it won't be for final action. It will be for possible action. So here's the new motion: I move to amend the rule for a \$400 wager limit, refile the CR 102, and bring it back to the Commission for further consideration and possible action.

Bud Sizemore: Second.

Julia Patterson: Okay.

Alicia Levy: Okay. It's been moved and seconded. We have one abstention still. All those in favor, say Aye.

Julia Patterson: Aye.

Bud Sizemore: Aye.

Alicia Levy: Aye. And those opposed.

Sarah Lawson: Nay.

Alicia Levy: Okay. So the motion passes 3 to 1, with one abstention.

Tina Griffin: And now, can you take a moment to talk about [cross-talk] --

Alicia Levy: Yeah. So then we need to see if we want to have a special meeting that needs to happen anytime after May 23rd in order to move this forward more quickly. And we don't generally have a meeting in June, but if we could have one right there at the end of May or the first part of June. Everyone has their calendar.

Bud Sizemore: Yeah. I think I'm free.

Alicia Levy: I'll be home. Thanks.

Bud Sizemore: [Cross-talk] already then.

Julia Patterson: It would just be a one-issue meeting?

Alicia Levy: Yes. So it shouldn't be very long. [Cross-talk] --

Julia Patterson: So we could do a public Zoom Meeting?

Suzanne Becker: Who would still open up the office for the public to attend?

Julia Patterson: Mm-hmm.

Alicia Levy: We would all be on Zoom.

Julia Patterson: I'm free the end of May, I'm free May 30th, 31st.

Alicia Levy: I can do May 24th, 25th, or 20 [cross-talk] --

Bud Sizemore: I'm out of town.

Alicia Levy: Okay. May 30th.

Julia Patterson: Are you out of town on the previous week of 24, 25, 26?

Bud Sizemore: Yeah.

Alicia Levy: Okay. What about the 30th and 31st?

Bud Sizemore: Yeah. I have no idea what I can do. I mean, I already have my July dates blocked out. I mean, my preference would just be to let it go through the process. I mean, unless there are multiple items, I'd rather just go through the rule process. My preference. If you guys pick a date and I can make it, I'll make it. But, I mean, it just seems to be something that will be best if it had [indistinct].

Julia Patterson: You have any day free?

Bud Sizemore: I don't. I owe my wife some time. [laughter]

Anders Ibsen: My June is a little crowded, too. I might be a bit sporadic. I have some preplanned travel anyhow for what it's worth.

Alicia Levy: Okay. So the Commission Meeting would be July 20th. [cross-talk] How about earlier [cross-talk] --

Bud Sizemore: That works for me.

Alicia Levy: -- earlier in July? Last week of June?

Sarah Lawson: I've already got stuff scheduled for July and June. I mean, I've got the dates for our Commission Meeting in July set aside. But when we freed up the 13th and 14th, I took on travel dates then, and I'm on vacation the week before that.

Tina Griffin: Last week of June?

Alicia Levy: Yeah, June 26th, 27th, 28th, 29th, 30th?

Julia Patterson: I'm free then.

Anders Ibsen: I have employees going on extended leave closer to -- it's a [indistinct] -- the closer we get to there, the more in question my schedule becomes outside of what's [indistinct]. It turns out you rely on your executive assistant to really help.

Julia Patterson: The last week in June doesn't work for you either, Anders. Right?

Anders Ibsen: Without going into too much detail about family matters of my employee, it's just a little bit tricky because health-related stuff, but you know.

Julia Patterson: Yeah.

Alicia Levy: We'll keep it to the July 20th meeting. Okay. Next, we have Tab 5, the Progressive Jackpot with Lisa McLean.

MEETING TRANSCRIPT OF HOUSE-BANKED CARD ROOM WAGER LIMITS DISCUSSION FROM MARCH 9, 2023 COMMISSION MEETING

Alicia Levy: It's been a long day already. All right. We'll go to Tab 7 now, which is a petition for discussion and possible filing for Wager Limits for House-banked Card Games. We have Lisa McLean, the Rules Coordinator and Policy Manager with us.

Lisa McLean: Thank you. So before you in Tab 7, we have a rule petition to amend the wagering limits for house-banked cardrooms submitted by Vicki Kristofferson, representing Maverick Gaming in Kirkland, Washington. I'm not going to go over the whole details, but I think we know that it's about increasing the maximum single wager limit from \$300 to \$500 for all house-banked gaming tables. At our February meeting, Commissioners direct staff to do additional research. This package has in it the February transcript so you can see what to remind ourselves of what that research was. The package also contains a request of how many house-banked cardrooms have there been over time since 1997. There's a chart in there that shows every single year how many house-banked cardrooms there have been from 1997 to the present.

And in addition last night -- I think it's posted on the website for the audience -- is we added to the website and by sending to email, and then I brought you a paper copy. Number one, a historical overview of the evolution of the commercial stimulant language, which was a question that you all had. And then the second one was the detail of the 2008 discussion of the Commission when the debate was about raising the wager limit from \$200 to \$300. So in there, it's the Rule Summary of 2008 in addition to the minutes from the meeting, that that was discussed. In addition, I should mention that we had some stakeholder meetings in the last month since we met on February 13 as part of our discussion about the fees. We also discussed the wagering limit with stakeholders. There were 48 participants from the gaming industry as well as the nonprofit sector. The consensus was support for increasing the wagering limits for house-banked cardrooms.

No participant in the meeting was against wagering, increasing it. On February 13th, the staff held a meeting with tribal partners to discuss that same issue. Discussions at that meeting felt \$500 was an excessive limit that did not correlate to the definition of commercial stimulant in RCW 9.46. There was interest in understanding how this provision was applied after initial licensure. We then received an email from Crystal Murray in support of the petition on February 17th. And we received a letter from Michael D. McKay of K&L Gates on behalf of Maverick in Washington in support of the petition. Your options are to take final action to file amended language. That is make changes during this public meeting, or request staff to continue its research, or withdraw the petition in writing, stating the reasons for that and indicating alternative needs by which the Agency will address the concerns of the [audio cuts out]. I think that's it.

Alicia Levy: Thank you, Lisa. And just to clarify on the website, there are additional Tab 7A materials, and additional Tab 7B materials are what she was referring to. That's this packet of information that was added late last night that not everybody may have seen as of yet.

Lisa McLean: I think that it [indistinct] me. I think I can sit down. Are there any questions? Comments from the Commissioners?

Julia Patterson: Just a reminder -- did staff express concerns about option B? I'm just curious.

Alicia Levy: What? Filing amended language?

Julia Patterson: Mm-hmm.

Alicia Levy: I don't know that there are concerns.

Tina Griffin: Staff has not taken a position on any of the options moved forward.

Alicia Levy: Okay. Everybody is trying to go through this [cross-talk] --

Julia Patterson: Yeah.

Alicia Levy: [Cross-talk] [indistinct] as quickly as they can.

Julia Patterson: Right here we got hard copies, too.

Alicia Levy: Yeah.

Sarah Lawson: Yeah. That's what we have, a stack this big. Are those our only four options? Or could we push this to the next Commission Meeting so that we have time to review the materials that we received last night?

Tina Griffin: Yes. So the 102 has been filed, so you can discuss.

Sarah Lawson: There is no time limit.

Tina Griffin: There are no time limit. Thank you. [Cross-talk] --

Alicia Levy: We can take more time to review this, and we can move forward and take final action today.

Suzanne Becker: Correct. And that will include continuing this if you want to just move it later into your Meetings Agenda such as later today or potentially into tomorrow. This is all one meeting.

Julia Patterson: Okay. So we could move it to -- did you just say that we could take this up tomorrow after having the evening to read these?

Suzanne Becker: You can. You can. At your discretion, you can move any Agenda item around, so long as others are not [Cross-talk] --

Julia Patterson: [Cross-talk] days.

Suzanne Becker: -- [Cross-talk] exactly, to the other day.

Bud Sizemore: Which I don't think I'm going to have time to get [Cross-talk] to this today.

Sarah Lawson: Yeah. I've got to go home to a 7-month-old.

Bud Sizemore: [Cross-talk] Right. I spent an hour. I got home last night at 10. A half hour last night and an hour this morning, and I'm not through it.

Sarah Lawson: Yeah. I would appreciate having more time than just the next 12 to 24 hours to get through the materials here and sort of research back in the materials that we already have to sort of absorb everything. Okay?

Julia Patterson: That's fine with me as long as -- I mean, does the petitioner -- are there any cons associated with that I wonder?

Alicia Levy: No? I don't -- yeah. I guess it's [Cross-talk] So everybody feels that's a lot of information that came in all at once.

Sarah Lawson: Yeah.

Alicia Levy: Okay. So I guess we need to vote on moving it to next month then? Or do we just move it?

Suzanne Becker: Yes, I don't know that a strict vote is necessary. You're welcome to do so if you would like to formally sort of ask staff to move this to next month's meeting for your consideration then. Or you could just simply ask staff here.

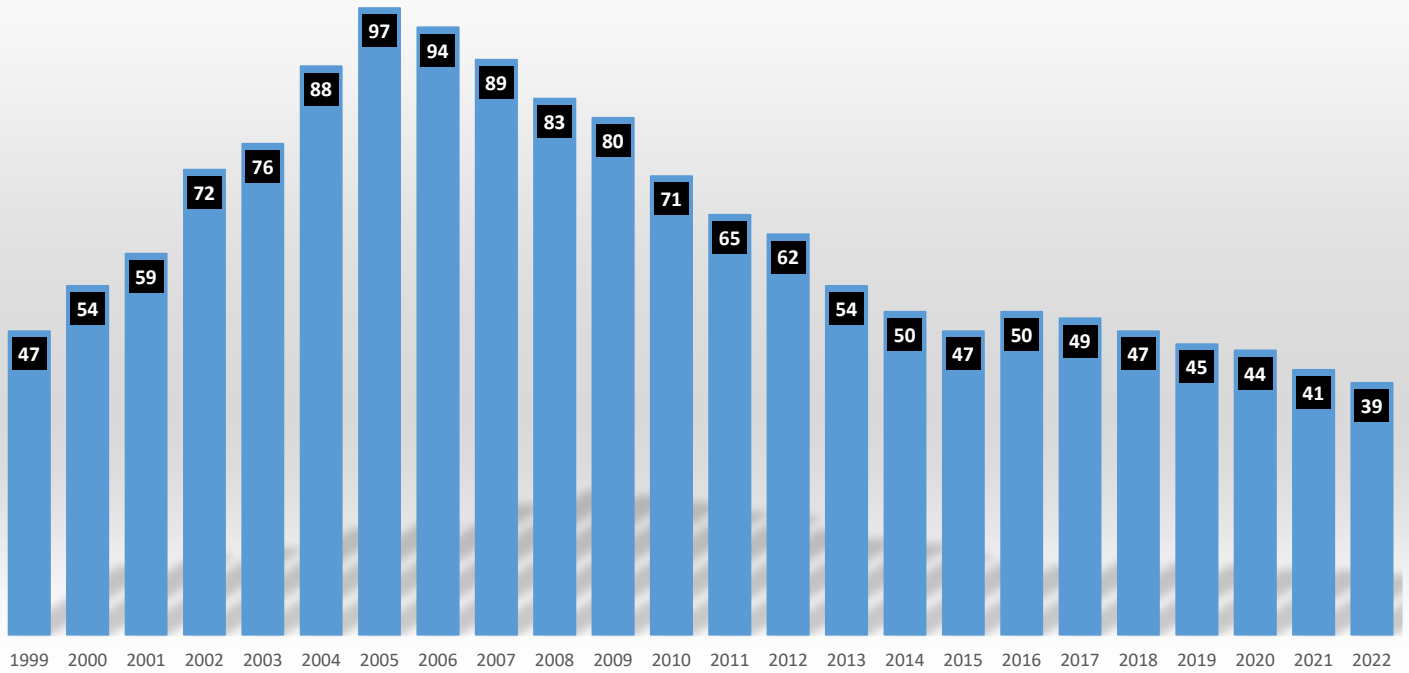
Alicia Levy: Yeah. Just ask staff. Yes, we'll move this to next month. And I know everybody's waiting, but we did have a lot more information that I think is really important to this. So yeah, I think that's probably a good idea. So we will continue on to Tab 8, which is the petition for discussion and possible filing for debit card rules, and that is Lisa McLean. Lisa, welcome back.

Materials from

MARCH 2023

Commission Meeting

HOUSE-BANKED CARD ROOMS 1999 TO 2022



- 1997 RCW 9.46.0232 authorized house-banked card games.
- 1998 to May 2000 Enhanced card room test program
- June 2000 Wager limits for house-banked card games \$25 (initial) and \$100 (experienced)
- 2003 Wager limits increased to \$100
- 2004 Wager limits increased to \$200 for limited tables
- 2006 Wager limits increased to \$200
- 2009 Wager limits to \$300

Historical Overview of Commercial Stimulant Language and Rule on Wagering Limits for House-Banked Card Games (WAC 230-03-175) (WSGC Staff Research)

Between 1977 and 1994, RCW 9.46.020 defined “commercial stimulant” as follows:

“(5) ‘Commercial stimulant’. An activity is operated as a commercial stimulant, for the purposes of this chapter, only when it is an incidental activity operated in connection with, and incidental to, an established business, with the primary purpose of increasing the volume of sales of food or drink for consumption on that business premises. The commission may by rule establish guidelines and criteria for applying this definition to its applicants and licensees for gambling activities authorized by this chapter as commercial stimulants.” **See Attachment A.**

During this time period, there were also many WAC rules related “commercial stimulant” as noted in **Attachment B** and below:

- **WAC 230-02-350 Commercial stimulant defined.**

“Commercial stimulant” means all licensed gambling activities when operated by an established food and/or drink business with the primary purpose of increasing the volume of food and/or drink sales for “on premise” consumption. **For the purposes of chapter 9.46 RCW and these rules, gambling activities shall qualify as a commercial stimulant only when the combined “adjusted net gambling receipts” from punchboards, pull-tabs, and public card rooms are less than the total “gross” sales from the food and/or drink business.**

Note: The highlighted section required gross sales for food and beverage to be more than adjusted net gambling receipts.

- **WAC 230-02-370 Food and/or drink business defined.**

"Food and/or drink business" means any business which is primarily engaged in the sale of food and/or drink items, to persons other than owners, employees, or substantial interest holders, for consumption on the licensed premises. **Provided, That for the purposes of chapter 9.46 RCW and these rules, a business is determined to be primarily a “food and/or drink business” when the total gross sales of food and/or drink, for on premises consumption, is equal to or greater than all other combined nongambling gross sales, rentals, or other income producing activities which occur on the licensed premises...**

- **WAC 230-02-125 Adjusted net gambling receipts.**

WAC 230-12-075 Commercial stimulant compliance.

Note: Both of these WAC rules required net gambling receipts to be less than gross food and drink sales.

In 1993, the legislature set up a Task Force on Gambling Policy (see **Attachment C** for the House Bill report on EHCR 4403 for a discussion of the rationale for establishing the Task Force and

Attachment D for actual bill language in EHCR4403.E). The most comprehensive summary of the findings of the Task Force can be found in **Attachment E** (House Bill Report on 2SHB 2228), which is the legislation that clarified the state’s public policy on gambling, adding the specific statement “the public policy of the state of Washington on gambling is...”

- One of the recommendations of the report was to streamline **“the reporting requirements for commercial stimulant operators, to the extent that this can be accomplished consistently with the public policy of the state toward gambling.”**

In 1994, the Legislature the definition of “commercial stimulant” was codified in RCW 9.46.0217 (**Attachment F**). However, the definition was materially amended in a couple sections as follows:

- “‘Commercial stimulant,’ as used in this chapter, means an activity is operated as a commercial stimulant, for the purposes of this chapter, only when it is an **incidental** activity operated in connection with **and incidental to**, an established business, with the **primary** purpose of increasing the volume of sales of food or drink for consumption on that business premises. The commission may by rule establish guidelines and criteria for applying this definition to its applicants and licensees for gambling activities authorized by this chapter as commercial stimulants.”
- **Note:** The intent of this change was that an activity (e.g., social card games) no longer had to be incidental to the established business and no longer had to have a “primary” purpose of increasing food and beverage.
- The House Bill Report on the bill that changed RCW 9.46.0217 noted that **testimony in favor of the bill mentioned that each commercial stimulant operator has “to document food and liquor sales versus gambling revenue. This is burdensome on both the operators and the commission.” No one testified against the bill (Attachment G).**

After the amendment to RCW 9.46.0217, the Commission amended the rules noted above to align with the new definition of “commercial stimulant” in the RCW.

According to the Meeting Minutes for the February 1995 Meeting (**Attachment H, pages 10-11**):

“These changes are to comply with the 1994 legislative change to RCW 9.46.0217. **The primary concern here is to determine whether a business is engaged in the sale of food and drink for on-premises consumption as opposed to measuring the gambling activities against the sale of food and drink.**”

According to the Meeting Minutes for the March 1995 Meeting (**Attachment I, pages 20-21**):

“...This is a group of rules that amend the commercial stimulant rules to comply with a 1994 Legislative change to RCW 9.46.0217. These have been discussed with licensees and **essentially take the Commission's staff time away from measuring the food and drink sales against the gambling activity and allow staff to focus on other priorities. The primary concern of the Commission is simply whether a business is engaged in the**

sale of food and drink for on-premise consumption. This is up for possible final action today. Director Miller said the term now is "established business." This will be the test in the future, ensuring it's a legitimate, established business..."

The amendments were as follows (**Attachment J**):

- **WAC 230-02-350 Commercial stimulant defined.**
"Commercial stimulant" means all licensed gambling activities when operated by an established food and/or drink business with the primary purpose of increasing the volume of food and/or drink sales for "on premise" consumption. ~~For the purposes of chapter 9.46 RCW and these rules, gambling activities shall qualify as a commercial stimulant only when the combined "adjusted net gambling receipts" from punchboards, pull tabs, and public card rooms are less than the total "gross" sales from the food and/or drink business.~~
- **WAC 230-02-370 Food and/or drink business defined.**
"Food and/or drink business" means any business which is primarily engaged in the sale of food and/or drink items, to persons other than owners, employees, or substantial interest holders, for consumption on the licensed premises. ~~Provided, That for the purposes of chapter 9.46 RCW and these rules, a business is determined to be primarily a "food and/or drink business" when the total gross sales of food and/or drink, for on premises consumption, is equal to or greater than all other combined nongambling gross sales, rentals, or other income producing activities which occur on the licensed premises...~~
- ~~**WAC 230-02-125 Adjusted net gambling receipts.**~~
~~**WAC 230-12-075 Commercial stimulant compliance.**~~
Note: Both of these WAC rules were repealed. Net gambling receipts were no longer required to be less than gross food and drink sales. **Attachment K.**
- **WAC 230-04-080 Certain activities to be operated as a commercial stimulant only-Licensing of food and/or drink businesses.**
"The commission may issue a license to operate punchboards and pull tabs or public card rooms, licensed for use as a commercial stimulant as commercial stimulants to any established business primarily engaged in the sale of food and/or drink items for consumption on the licensed premises. Such activities shall not be operated other than as a commercial stimulant. The following requirements apply to applicants for a license to use gambling activities to stimulate food and/or drink sales:..."

The total gross sales of food and/or drink, for on premises consumption, is equal to or greater than all other combined nongambling gross sales, rentals, or other income producing activities which occur on the licensed premises when measured on an annual basis. Applicants seeking qualification for a license under this subsection shall submit data necessary to evaluate compliance with these requirements as a part of their application..."

In 1999, WAC 230-04-080 was amended in as follows:

The commission may issue a license to operate punchboards and pull tabs or public card rooms as commercial stimulants to any established business primarily engaged in the sale of food and/or drink items for consumption on the licensed premises. Such activities shall not be operated other than as a commercial stimulant and the food and/or drink business shall be open and providing service to the general public at all times gambling activities are operated.

In 2006, we conducted rules simplification. WAC 230-04-080 was repealed and WAC 230-03-175 was formed (**Attachment L**). Part of the new language in WAC 230-03-175 read as follows:

“Businesses must provide evidence for us to determine the business' qualifications as a commercial stimulant as set forth in RCW 9.46.0217. That evidence includes, but is not limited to:

(2) Proof that it is ‘primarily engaged in the selling of food or drink for consumption on premises’ as used in RCW 9.46.070 (2). ‘Primarily engaged in the selling of food or drink for consumption on premises’ means that before receiving a gambling license the business has total gross sales of food or drink for on-premises consumption equal to or greater than all other combined gross sales, rentals, or other income-producing activities which occur on the business premises when measured on an annual basis.”

In 2007, WAC 230-03-175 was amended with nonmaterial changes. The language adopted here is the current language of the rule to date.

Attachment A

Ch. 325

WASHINGTON LAWS, 1977 1st Ex. Sess.

state government and its existing public institutions, and shall take effect July 1, 1977.

Passed the House June 19, 1977.

Passed the Senate June 19, 1977.

Approved by the Governor June 30, 1977.

Filed in Office of Secretary of State June 30, 1977.

CHAPTER 326

[House Bill No. 1133]

GAMBLING

AN ACT Relating to gambling; amending section 2, chapter 218, Laws of 1973 1st ex. sess. as last amended by section 2, chapter 87, Laws of 1975-'76 2nd ex. sess. and RCW 9.46.020; amending section 3, chapter 218, Laws of 1973 1st ex. sess. as last amended by section 3, chapter 87, Laws of 1975-'76 2nd ex. sess. and RCW 9.46.030; amending section 7, chapter 218, Laws of 1973 1st ex. sess. as last amended by section 4, chapter 87, Laws of 1975-'76 2nd ex. sess. and RCW 9.46.070; amending section 8, chapter 218, Laws of 1973 1st ex. sess. as last amended by section 7, chapter 155, Laws of 1974 ex. sess. and RCW 9.46.080; amending section 10, chapter 218, Laws of 1973 1st ex. sess. and RCW 9.46.100; amending section 1, chapter 87, Laws of 1975-'76 2nd ex. sess. and RCW 9.46.115; amending section 14, chapter 218, Laws of 1973 1st ex. sess. as amended by section 8, chapter 166, Laws of 1975 1st ex. sess. and RCW 9.46.140; amending section 18, chapter 218, Laws of 1973 1st ex. sess. and RCW 9.46.180; amending section 19, chapter 218, Laws of 1973 1st ex. sess. and RCW 9.46.190; amending section 21, chapter 218, Laws of 1973 1st ex. sess. as last amended by section 10, chapter 166, Laws of 1975 1st ex. sess. and RCW 9.46.210; amending section 23, chapter 218, Laws of 1973 1st ex. sess. as last amended by section 5, chapter 155, Laws of 1974 ex. sess. and RCW 9.46.230; adding new sections to chapter 218, Laws of 1973 1st ex. sess. and to chapter 9.46 RCW; prescribing penalties; and declaring an emergency.

Be it enacted by the Legislature of the State of Washington:

Section 1. Section 2, chapter 218, Laws of 1973 1st ex. sess. as last amended by section 2, chapter 87, Laws of 1975-'76 2nd ex. sess. and RCW 9.46.020 are each amended to read as follows:

- (1) "Amusement game" means a game played for entertainment in which:
 - (a) The contestant actively participates;
 - (b) The outcome depends in a material degree upon the skill of the contestant;
 - (c) Only merchandise prizes are awarded;
 - (d) The outcome is not in the control of the operator;
 - (e) The wagers are placed, the winners are determined, and a distribution of prizes or property is made in the presence of all persons placing wagers at such game; and
 - (f) Said game is conducted or operated by any agricultural fair, person, association, or organization in such manner and at such locations as may be authorized by rules and regulations adopted by the commission pursuant to this chapter as now or hereafter amended.

Cake walks as commonly known and fish ponds as commonly known shall be treated as amusement games for all purposes under this chapter.

- (2) "Bingo" means a game in which prizes are awarded on the basis of designated numbers or symbols on a card conforming to numbers or symbols selected at random and in which no cards are sold except at the time and place of said game, when said game is conducted by a bona fide charitable or nonprofit organization which does not conduct or allow its premises to be used for conducting bingo on

Attachment A

more than three occasions per week and which does not conduct bingo in any location which is used for conducting bingo on more than three occasions per week, or if an agricultural fair authorized under chapters 15.76 and 36.37 RCW, which does not conduct bingo on more than twelve consecutive days in any calendar year, and except in the case of any agricultural fair as authorized under chapters 15.76 and 36.37 RCW, no person other than a bona fide member or an employee of said organization takes any part in the management or operation of said game, and no person who takes any part in the management or operation of said game takes any part in the management or operation of any game conducted by any other organization or any other branch of the same organization, unless approved by the commission, and no part of the proceeds thereof inure to the benefit of any person other than the organization conducting said game.

(3) "Bona fide charitable or nonprofit organization" means: (a) any organization duly existing under the provisions of chapters 24.12, 24.20, or 24.28 RCW, any agricultural fair authorized under the provisions of chapters 15.76 or 36.37 RCW, or any nonprofit corporation duly existing under the provisions of chapter 24.03 RCW for charitable, benevolent, eleemosynary, educational, civic, patriotic, political, social, fraternal, athletic or agricultural purposes only, or any nonprofit organization, whether incorporated or otherwise, when found by the commission to be organized and operating for one or more of the aforesaid purposes only, all of which in the opinion of the commission have been organized and are operated primarily for purposes other than the operation of gambling activities authorized under this chapter; or (b) any corporation which has been incorporated under Title 36 U.S.C. and whose principal purposes are to furnish volunteer aid to members of the armed forces of the United States and also to carry on a system of national and international relief and to apply the same in mitigating the sufferings caused by pestilence, famine, fire, floods, and other national calamities and to devise and carry on measures for preventing the same. The fact that contributions to an organization do not qualify for charitable contribution deduction purposes or that the organization is not otherwise exempt from payment of federal income taxes pursuant to the Internal Revenue Code of 1954, as amended, shall constitute prima facie evidence that the organization is not a bona fide charitable or nonprofit organization for the purposes of this section.

Any person, association or organization which pays its employees, including members, compensation other than is reasonable therefor under the local prevailing wage scale shall be deemed paying compensation based in part or whole upon receipts relating to gambling activities authorized under this chapter and shall not be a bona fide charitable or nonprofit organization for the purposes of this chapter.

(4) "Bookmaking" means accepting bets as a business, rather than in a casual or personal fashion, upon the outcome of future contingent events.

(5) "Commercial stimulant". An activity is operated as a commercial stimulant, for the purposes of this chapter, only when it is an incidental activity operated in connection with, and incidental to, an established business, with the primary purpose of increasing the volume of sales of food or drink for consumption on that business premises. The commission may by rule establish guidelines and criteria for applying this definition to its applicants and licensees for gambling activities authorized by this chapter as commercial stimulants.

Attachment A

to be used by only members and guests ((only)) to play social card games authorized by the commission, when licensed, conducted or operated pursuant to the provisions of this chapter and rules and regulations adopted pursuant thereto.

(2) Bona fide charitable or bona fide nonprofit organizations organized primarily for purposes other than the conduct of raffles, are hereby authorized to conduct raffles without obtaining a license to do so from the commission when such raffles are held in accordance with all other requirements of chapter 9.46 RCW, other applicable laws, and rules of the commission; when gross revenues from all such raffles held by the organization during the calendar year do not exceed five thousand dollars; and when tickets to such raffles are sold only to, and winners are determined only from among, the regular members of the organization conducting the raffle: **PROVIDED**, That the term members for this purpose shall mean only those persons who have become members prior to the commencement of the raffle and whose qualification for membership was not dependent upon, or in any way related to, the purchase of a ticket, or tickets, for such raffles.

(3) Bona fide charitable or bona fide nonprofit organizations organized primarily for purposes other than the conduct of such activities are hereby authorized to conduct bingo, raffles, and amusement games, without obtaining a license to do so from the commission but only when:

(a) Such activities are held in accordance with all other requirements of chapter 9.46 RCW as now or hereafter amended, other applicable laws, and rules of the commission; and

(b) Said activities are, alone or in any combination, conducted no more than twice each calendar year and over a period of no more than twelve consecutive days each time, notwithstanding the limitations of RCW 9.46.020(2) as now or hereafter amended: **PROVIDED**, That a raffle conducted under this subsection may be conducted for a period longer than twelve days; and

(c) Only bona fide members of that organization, who are not paid for such services, participate in the management or operation of the activities; and

(d) Gross revenues to the organization from all the activities together does not exceed five thousand dollars during any calendar year; and

(e) All revenue therefrom, after deducting the cost of prizes and other expenses of the activity, is devoted solely to the purposes for which the organization qualifies as a bona fide charitable or nonprofit organization; and

(f) The organization gives notice at least five days in advance of the conduct of any of the activities to the local police agency of the jurisdiction within which the activities are to be conducted of the organization's intent to conduct the activities, the location of the activities, and the date or dates they will be conducted; and

(g) The organization conducting the activities maintains records for a period of one year from the date of the event which accurately show at a minimum the gross revenue from each activity, details of the expenses of conducting the activities, and details of the uses to which the gross revenue therefrom is put.

(4) The legislature hereby authorizes any person, association, or organization operating an established business primarily engaged in the selling of food or drink for consumption on the premises to conduct social card games and to utilize punch boards and pull-tabs as a commercial stimulant to such business when licensed and

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enables him or her to play or results in or from his or her playing: PROVIDED, That this subparagraph (ii) shall not preclude collection of a membership fee which is unrelated to participation in gambling activities authorized under this subsection.

The penalties provided for professional gambling in this chapter shall not apply to sports pools as described in ((this)) subsection (6) of this section, the wagering described in subsection (7) of this section, social card games, bingo games, raffles, fund raising events, punch boards, pull-tabs, ((or)) amusement games, or to the use of facilities of a bona fide charitable or nonprofit organization for social card games or dice games, when conducted in compliance with the provisions of this chapter and in accordance with the rules and regulations of the commission.

Sec. 3. Section 7, chapter 218, Laws of 1973 1st ex. sess. as last amended by section 4, chapter 87, Laws of 1975-'76 2nd ex. sess. and RCW 9.46.070 are each amended to read as follows:

The commission shall have the following powers and duties:

(1) To authorize and issue licenses for a period not to exceed one year to bona fide charitable or nonprofit organizations approved by the commission meeting the requirements of this chapter and any rules and regulations adopted pursuant thereto permitting said organizations to conduct bingo games, raffles, amusement games, and social card games((+)), to utilize punch boards and pull-tabs in accordance with the provisions of this chapter and any rules and regulations adopted pursuant thereto and to revoke or suspend said licenses for violation of any provisions of this chapter or any rules and regulations adopted pursuant thereto: PROVIDED, That the commission shall not deny a license to an otherwise qualified applicant in an effort to limit the number of licenses to be issued: PROVIDED FURTHER, That the commission or director shall not issue, deny, suspend or revoke any license because of considerations of race, sex, creed, color, or national origin: AND PROVIDED FURTHER, That the commission may authorize the director to temporarily issue or suspend licenses subject to final action by the commission;

(2) To authorize and issue licenses for a period not to exceed one year to any person, association, or organization operating a business primarily engaged in the selling of items of food or drink for consumption on the premises, approved by the commission meeting the requirements of this chapter and any rules and regulations adopted pursuant thereto permitting said person, association, or organization to utilize punch boards and pull-tabs and to conduct social card games as a commercial stimulant in accordance with the provisions of this chapter and any rules and regulations adopted pursuant thereto and to revoke or suspend said licenses for violation of any provisions of this chapter and any rules and regulations adopted pursuant thereto: PROVIDED, That the commission shall not deny a license to an otherwise qualified applicant in an effort to limit the number of licenses to be issued: PROVIDED FURTHER, That the commission may authorize the director to temporarily issue or suspend licenses subject to final action by the commission;

(3) To authorize and issue licenses for a period not to exceed one year to any person, association, or organization approved by the commission meeting the requirements of this chapter and meeting the requirements of any rules and regulations adopted by the commission pursuant to this chapter as now or hereafter amended, permitting said person, association, or organization to conduct or operate

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(8) To require that all income from bingo games, raffles, and amusement games be recorded and reported as established by rule or regulation of the commission to the extent deemed necessary by considering the scope and character of the gambling activity in such a manner that will disclose gross income from any gambling activity, amounts received from each player, the nature and value of prizes, and the fact of distributions of such prizes to the winners thereof;

(9) To regulate and establish maximum limitations on income derived from bingo: PROVIDED, That in establishing limitations pursuant to this subsection the commission shall take into account (i) the nature, character, and scope of the activities of the licensee; (ii) the source of all other income of the licensee; and (iii) the percentage or extent to which income derived from bingo is used for charitable, as distinguished from nonprofit, purposes;

(10) To regulate and establish the type and scope of and manner of conducting ~~((social card games permitted to be played, and))~~ the gambling activities authorized by RCW 9.46.030, including but not limited to, the extent of wager, money, or other thing of value which may be wagered or contributed or won by a player in ((a social card game)) any such activities;

(11) To regulate and establish a reasonable admission fee which may be imposed by an organization, corporation or person licensed to conduct a social card game on a person desiring to become a player in a social card game. A "reasonable admission fee" under this item shall be limited to a fee which would defray or help to defray the expenses of the game and which would not be contrary to the purposes of this chapter;

(12) To cooperate with and secure the cooperation of county, city, and other local or state agencies in investigating any matter within the scope of its duties and responsibilities;

(13) In accordance with RCW 9.46.080, to adopt such rules and regulations as are deemed necessary to carry out the purposes and provisions of this chapter. All rules and regulations shall be adopted pursuant to the administrative procedure act, chapter 34.04 RCW;

(14) To set forth for the perusal of counties, city-counties, cities and towns, model ordinances by which any legislative authority thereof may enter into the taxing of any gambling activity authorized in RCW 9.46.030 as now or hereafter amended;

(15) To establish and regulate a maximum limit on salaries or wages which may be paid to persons employed in connection with activities conducted by bona fide charitable or nonprofit organizations and authorized by this chapter, where payment of such persons is allowed, and to regulate and establish maximum limits for other expenses in connection with such authorized activities, including but not limited to rent or lease payments.

In establishing these maximum limits the commission shall take into account the amount of income received, or expected to be received, from the class of activities to which the limits will apply and the amount of money the games could generate for authorized charitable or nonprofit purposes absent such expenses. The commission may also take into account, in its discretion, other factors, including but not limited to, the local prevailing wage scale and whether charitable purposes are benefited by the activities;

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WSR 95-07-093

Washington State Register, Issue 95-07

March 17, 1995
Patricia Norman-Cole
Rules Coordinator

following the drawing: *Provided*, That this subsection shall not restrict commission staff or local law enforcement authorities from review of any required records prior to the allowed completion date; and

(6) Records shall be maintained at the main administrative or business office of the organization that is located within Washington state and available for commission review or audit upon request. Organizations that do not have an administrative or business office located within Washington state structured to include more than one chapter or other subdivided unit that conducts raffles under the parent organization's license, shall designate records custodians that reside in Washington state. Such custodians shall be responsible for retaining all original records and making such available for review or audit at any reasonable location within seven days of a request by commission staff. *Provided*, That the director may authorize an organization to maintain records at alternative locations if the organization has demonstrated the ability and desire to comply with all commission requirements. Records maintained under such an agreement shall be made available for commission review and audit at any designated location within seven days. The director may revoke this authority at any time by providing written notice. A request to maintain records at alternative locations shall include at least the following:

(a) The conditions that preclude or restrict compliance with normal records maintenance requirements of this subsection, including costs;

(b) The address of the location where all records will be maintained;

(c) If such records are retained outside the state of Washington, the name, address, and telephone number of a resident of the state of Washington who is authorized by the organization to accept a request for records;

(d) The name, address, and telephone number of a primary and alternate records custodian; and

(e) A notarized statement by the chief executive officer of the organization acknowledging responsibility for providing records and that failure to comply with a request for records within the allotted time may result in suspension or revocation of all licenses held by the organization.

WSR 95-07-094 PERMANENT RULES GAMBLING COMMISSION

[Filed March 17, 1995, 3:36 p.m., effective July 1, 1995]

Date of Adoption: March 10, 1995.

Purpose: Packet of rules clarify commercial stimulant in accordance with amendments to RCW 9.46.0217. Net gambling receipts are no longer required to be less than gross food and drink sales.

Citation of Existing Rules Affected by this Order: Amending WAC 230-02-350, 230-02-360, 230-02-370, 230-02-380, 230-04-080, 230-08-130, and 230-08-160.

Statutory Authority for Adoption: RCW 9.46.070 and 9.46.0217.

Pursuant to notice filed as WSR 95-04-038 on January 25, 1995.

Effective Date of Rule: July 1, 1995.

AMENDATORY SECTION (Amending Order 165, filed 3/16/87)

WAC 230-02-350 Commercial stimulant defined. "Commercial stimulant" means ~~((a))~~ a licensed gambling ~~((activities, when))~~ activity operated by an established food and/or drink business with the ~~((primary))~~ purpose of increasing the volume of food and/or drink sales for "on-premises" consumption. ~~((For purposes of chapter 9.46 RCW and these rules, gambling activities shall qualify as a commercial stimulant only when the combined "adjusted net gambling receipts" from punchboards, pull tabs, and public card rooms are less than the total "gross" sales from the food and/or drink business.))~~

AMENDATORY SECTION (Amending Order 161, filed 9/15/86, effective 1/1/87)

WAC 230-02-360 Licensed premises defined. "Licensed premises" means the physical building and property, upon which the licensed gambling activity occurs, as set out ~~((and approved))~~ on the license application and approved by the commission: *Provided*, That ~~((where))~~ when only a portion of a building is ~~((leased))~~ utilized for purposes of operating a food and/or drink business or for conducting gambling or related activities, only that portion set out in the ~~((lease document))~~ application on file with the commission, shall be considered the licensed premises ~~((: *Provided further*, That when owners or holders of a substantial interest, of a food and/or drink business, licensed to conduct gambling activities, also operate additional and separate businesses in the same building or on the same property, only the gross sales from the licensed food and/or drink business, as set out and approved on the license application, shall be included for commercial stimulant purposes))~~.

AMENDATORY SECTION (Amending Order 161, filed 9/15/86, effective 1/1/87)

WAC 230-02-370 Food and/or drink business defined. "Food and/or drink business" means any business which is primarily engaged in the sale of food and/or drink items, to persons other than owners, employees, or substantial interest holders, for consumption on the licensed premises ~~((: *Provided*, That for purposes of chapter 9.46 RCW and these rules, a business is determined to be primarily a "food and/or drink business" when the total gross sales of food and/or drink, for on premises consumption, is equal to or greater than all other combined nongambling gross sales, rentals, or other income producing activities which occur on the licensed premises. *Provided further*, That food and drink items furnished to employees, without their actually paying for it, shall be treated as sales only if:~~

- ~~(1) Detailed records are maintained;~~
- ~~(2) The sale is recorded at estimated cost or menu price, but not more than five dollars per meal; and~~
- ~~(3) No more than one meal per employee is recorded during any four hour work shift).~~

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AMENDATORY SECTION (Amending Order 161, filed 9/15/86, effective 1/1/87)

WAC 230-02-380 Established business defined.

"Established business" means any business (~~(who)~~) that has applied for and received all licenses or permits required by any state or local jurisdictions and has been open to the public for a period of not less than ninety days: *Provided*, That the commission may grant "established" status to a business that:

- (1) Has completed all construction and is ready to conduct business;
- (2) Has obtained all required licenses and permits;
- (3) Provides the commission a planned operating schedule which includes estimated gross sales from each separate activity to be conducted on the proposed premises, including but not limited to the following:
 - (a) Food and/or drinks for on-premises consumption;
 - (b) Food and/or drinks "to go"; and
 - (c) All other business activities.
- (4) Passes an inspection by the commission.

AMENDATORY SECTION (Amending Order 23, filed 9/23/74)

WAC 230-04-080 Certain activities to be operated as a commercial stimulant only—Licensing of food and/or drink businesses.

The commission may issue a license to operate punchboards and pull tabs (~~(-)~~) or public card rooms (~~(- licensed for use as a commercial stimulant)~~) as commercial stimulants to any established business primarily engaged in the sale of food and/or drink items for consumption on the licensed premises. Such activities shall not be operated other than as a commercial stimulant. The following requirements apply to applicants for a license to use gambling activities to stimulate food and/or drink sales:

(1) For purposes of chapter 9.46 RCW and these rules, a business shall be presumed to be a "food and/or drink business" as defined by WAC 230-02-370 if:

(a) It is licensed by the liquor control board to sell alcohol beverages at retail to the public for on-premises consumption and:

(i) It is a tavern that holds a valid Class "B" liquor license; or

(ii) It is a restaurant with a cocktail lounge that holds a valid Class "H" liquor license.

(b) It sells food and/or drink items at retail to the public and:

(i) All food is prepared and served for consumption on the licensed premises: *Provided*, That food may be prepared at other locations and served on the premises if the food is:

(A) Prepared by the licensed business; or

(B) Purchased from caterers by the licensed business as a wholesale transaction and resold to customers at retail.

(ii) The total gross sales of food and/or drink, for on-premises consumption, is equal to or greater than all other combined nongambling gross sales, rentals, or other income producing activities which occur on the licensed premises when measured on an annual basis. Applicants seeking qualification for a license under this subsection shall submit data necessary to evaluate compliance with these requirements as a part of their application. For purposes of determining total gross sales of food and drink for on-

premises consumption, meals furnished to employees, free of charge, shall be treated as sales only if:

(A) Detailed records are maintained;

(B) The sale is recorded at estimated cost or menu price, but not more than five dollars per meal; and

(C) No more than one meal per employee is recorded during any four-hour work shift.

(2) When an individual, partnership, or corporation operates two or more businesses within the same building or building complex and such businesses meet the requirements of subsection (1)(a) or (b) of this section, one of the businesses may be designated as a "food and/or drink business" if all of the following conditions are met:

(a) The business being stimulated is physically isolated from all other businesses by walls and doors that clearly demonstrate the business is separate from other business being transacted at that location;

(b) All business transactions conducted by the applicant business are separated from the transactions conducted by all other businesses:

(i) Legally in the form of a separate corporation or partnership; or

(ii) By physical separation of all sales and accounting functions, and the methods of separation are approved by the commission;

(c) All gambling activities are located and occur upon the licensed premises, as defined in the license application and approved by the commission; and

(d) All gambling activities occur only when the food and/or drink business is open for customer service.

AMENDATORY SECTION (Amending Order 251, filed 5/17/94, effective 7/1/94)

WAC 230-08-130 Quarterly activity reports by operators of punchboards and pull tabs. Each licensee for the operation of punchboards and pull tabs shall submit an activity report to the commission concerning the operation of the licensed activity and other matters set forth below:

(1) Reports shall be submitted detailing activities occurring during each of the following periods of the year:

(a) January 1st through March 31st;

(b) April 1st through June 30th;

(c) July 1st through September 30th; and

(d) October 1st through December 31st.

(2) A report shall be submitted for any period of time the activity was operated or a license was valid. If ~~((the licensee does not renew his license, then he shall file))~~ a license is not renewed, a report for the period between the previous report filed and the expiration date ~~((of his license))~~ shall be submitted;

(3) The report form shall be furnished by the commission and the completed report shall be received in the office of the commission or postmarked no later than ~~((30))~~ thirty days following the end of the period for which it is made ~~((-))~~;

(4) The report shall be signed by the highest ranking executive officer or ~~((his))~~ their designee. If the report is prepared by someone other than the licensee or ~~((his))~~ an employee, ~~((the))~~ the preparer shall print his/her name and phone number on the report ~~((-))~~;

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HOUSE BILL REPORT

EHCR 4403

As Passed Legislature

Brief Description: Advocating the creation of a task force to study issues on gambling.

Sponsors: Representatives Heavey, Veloria, Long, Shin, Forner, Schmidt, R. Meyers, Johanson, Leonard, Chandler, Lisk, Pruitt, Ballasiotes and Morris.

Brief History:

Reported by House Committee on:
Commerce & Labor, January 26, 1993, DPA;
Passed House, February 8, 1993, 95-0;
Amended by Senate;
Passed Legislature, April 20, 1993.

HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: Do pass as amended. Signed by 9 members: Representatives Heavey, Chair; G. Cole, Vice Chair; Lisk, Ranking Minority Member; Chandler, Assistant Ranking Minority Member; Franklin; Horn; King; Springer; and Veloria.

Staff: Jim Kelley (786-7166).

Background: In recent years, the level of legalized wagering in Washington and across the nation has increased significantly. Gross receipts from legal gaming have nearly doubled since 1985. In addition, with the passage of the Indian Gaming Regulatory Act, tribal gaming has expanded into casino style games. Under the Indian Gaming Regulatory Act, the state is required to negotiate in good faith with any tribe wishing to conduct gambling activities that are not prohibited by the public policy of the state as reflected in its criminal laws and constitution. These and other factors have focused attention on the state's public policy regarding gambling.

Summary of Bill: The State Gambling Policy Task Force is established to examine: (1) The current nature and scope of authorized gambling in the state; (2) the future of gambling in the state; (3) the need for defining a clear public policy on gambling; and (4) the feasibility of merging the Gambling Commission, Lottery Commission, and Horse Racing Commission into one state agency.

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The task force will be made up of 14 members, 11 of whom will be voting members. The voting members will include the governor or the governor's designee, three members from the majority caucus and two members from the minority caucus of the Senate, appointed by the President of the Senate and three members from the majority caucus and two members from the minority caucus of the House of Representatives, appointed by the Speaker of the House of Representatives. The three nonvoting members will be representatives of the Washington State Gambling Commission, the Washington State Horse Racing Commission, and the Washington State Lottery Commission. The task force will appoint a chair and vice chair from among its membership.

The task force may consult with individuals from the public or private sector or ask them to establish an advisory committee. The task force shall use legislative staff and facilities and expenses shall be paid jointly by the Senate and the House of Representatives.

The task force shall submit a report summarizing its findings and recommendations to the Legislature by January 1, 1994.

Fiscal Note: Not requested.

Effective Date: Upon filing with the Secretary of State.

Testimony For: The Gambling Commission has been involved in this issue and is very supportive. It is imperative that we not "back into" a whole new public policy on gambling. There are many major gambling issues that must be dealt with today. The tribes generally support the task force concept. It will provide more clarity in negotiations and in the regulatory arena. The resolution is fine as long as there is no moratorium on new gambling proposals.

Testimony Against: A task force would be fine, but there is a fear that it would be accompanied by a moratorium on new gambling proposals. A moratorium would be unacceptable. The tavern owners need help now. We cannot afford to wait for the results of a study. Eight cardrooms have already gone out of business in the Tulalip area.

Witnesses: Frank Miller, Director, Washington State Gambling Commission (in favor); Jim Metcalf, Tulalip Tribes (in favor); Bill Fritz, Washington Charitable and Civic Gaming Association (in favor); Frank Warnke, Thoroughbred Racing Industry (in favor); Vito Chiechi, Washington State Licensed Beverage Association (opposed); Randy Scott, Lummi Tribe (in favor); Sharon Foster, Community Charities (opposed); and Becky Bogard, RDC Consultants (opposed).

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ENGROSSED HOUSE CONCURRENT RESOLUTION 4403

State of Washington

53rd Legislature

1993 Regular Session

By Representatives Heavey, Veloria, Long, Shin, Forner, Schmidt, R. Meyers, Johanson, Leonard, Chandler, Lisk, Pruitt, I. Ballasiotes and Morris

Read first time 01/13/93. Referred to Committee on Commerce & Labor.

1 WHEREAS, Legalized wagering in Washington State has increased
2 significantly during the past two decades; and

3 WHEREAS, Legalized wagering in neighboring states is expanding into
4 such games as keno and video poker and is expected to continue
5 increasing during the coming years; and

6 WHEREAS, Under Federal law, tribal gambling has expanded into
7 casino gambling; and

8 WHEREAS, The United States Congress recently authorized coastal
9 gambling on cruise ships; and

10 WHEREAS, The State's public policy has been to prevent organized
11 crime from infiltrating legalized gambling; and

12 WHEREAS, Increased competition for the gambling dollar will result
13 in pressure to legislate increases in the nature and scope of gambling
14 currently authorized in the State; and

15 WHEREAS, The State's public policy on gambling, in many respects,
16 has not been clearly defined;

17 NOW, THEREFORE, BE IT RESOLVED, By the House of Representatives of
18 the State of Washington, the Senate concurring, That a legislative task
19 force on Washington state gambling policy be established to examine:
20 (1) The current nature and scope of legal gambling within the State;
21 (2) the future of gambling in the State, in light of recent expansion,

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1 the authorization of tribal and coastal gambling, and increased
2 competition for the gambling dollar; and (3) the need for more clearly
3 defining the State's public policy on gambling; and

4 BE IT FURTHER RESOLVED, That the task force consist of ten voting
5 members, three members from the majority caucus and two members from
6 the minority caucus of the Senate, appointed by the President of the
7 Senate; at least one member from each caucus shall be a member of the
8 Senate labor and commerce committee; and three members from the
9 majority caucus and two members from the minority caucus of the House
10 of Representatives, appointed by the Speaker of the House of
11 Representatives; at least one member from each caucus shall be a member
12 of the House commerce and labor committee. In addition, the Washington
13 state gambling commission, the Washington state horse racing
14 commission, and the Washington state lottery commission shall cooperate
15 with the task force and maintain a liaison representative, who shall be
16 a nonvoting member. The task force shall choose its chair and vice-
17 chair from among its membership; and

18 BE IT FURTHER RESOLVED, That the task force, where feasible, may
19 consult with individuals from the public and private sector or ask such
20 persons to establish an advisory committee; and

21 BE IT FURTHER RESOLVED, That the task force shall use legislative
22 staff and facilities. All expenses of the task force, including
23 travel, shall be paid jointly by the Senate and the House of
24 Representatives; and

25 BE IT FURTHER RESOLVED, That the task force report its findings and
26 recommendations to the legislature by January 1, 1994; and

27 BE IT FURTHER RESOLVED, That the task force shall expire July 1,
28 1994.

--- END ---

ATTACHMENT E

SHB 2226

Part-time dealership employees are permitted to drive vehicles bearing dealer license plates.

The fixed load capacity fee and the circus vehicle fee are eliminated.

The combined licensing fee is reduced by \$90 for trucks registered at 42,000 pounds or more that do not haul trailers or are used exclusively for hauling logs.

Votes on Final Passage:

House	95	0
Senate	44	1

Effective: June 9, 1994
July 1, 1994 (Sections 8 and 28)

SHB 2226

C 161 L 94

Requiring cities and towns to provide notice for rate increases for solid waste handling services.

By House Committee on Environmental Affairs (originally sponsored by Representatives Horn, Rust and Cooke).

House Committee on Environmental Affairs
Senate Committee on Ecology & Parks

Background: Solid waste collection companies operating in the unincorporated areas of a county are regulated by the Utilities and Transportation Commission (UTC). A city has the options of allowing the UTC to regulate collection, operating a city collection service, or regulating a private collection company.

A solid waste collection company regulated by the UTC is required to provide 45 days notice to the UTC and the public before changing rates or service levels.

Summary: Cities that do not opt for UTC-regulated collection are required to notify the public of a change in solid waste rates 45 days prior to the proposed date of the rate change. Notification may occur through the mail or through the newspaper.

Votes on Final Passage:

House	93	0	
Senate	47	0	(Senate amended)
House			(House refused to concur)
Senate	42	2	(Senate receded)

Effective: June 9, 1994

2SHB 2228

C 218 L 94

Clarifying the state's public policy on gambling.

By House Committee on Revenue (originally sponsored by Representatives Heavey, Lisk, Springer, Schmidt, Van Luven and Roland).

House Committee on Commerce & Labor

House Committee on Revenue
Senate Committee on Labor & Commerce

Background:

Public policy statement. The Washington State Gambling Code contains a series of legislative policy declarations. For the purpose of negotiating tribal gaming compacts, the Gambling Commission has summarized these declarations into the following statement of public policy on gambling: "The public policy of the state of Washington on gambling is to keep the criminal element out of gambling by limiting the nature and scope of gambling activities and by strict regulation and control."

Frequency of Lottery games. The frequency with which the Lottery offers any of its games is strictly within the agency's discretion.

Problem and compulsive gambling. In 1992, the Lottery Commission contracted with Rachel Volberg, Ph.D., to conduct both an adult and an adolescent prevalence study of problem and compulsive gambling in this state. These studies were conducted in the spring and summer of 1992. Dr. Volberg estimated that between 14,400 and 49,800 Washington residents can be classified as current probable compulsive gamblers. In addition, an estimated 43,300 to 93,700 Washington residents can be classified as current problem gamblers. Among adolescents, an estimated 23,000 to 33,700 can be classified as at-risk gamblers and an additional 950 to 4,700 adolescents in Washington can be classified as problem gamblers. There are a limited number of treatment options for problem and compulsive gamblers in Washington.

The Gambling Commission and the Lottery Commission have each adopted policies on compulsive gambling. These policies recognize that compulsive gambling exists in this state and pledge the resources of the agencies to assist in public awareness and education and research activities related to compulsive gambling. The Gambling Commission has developed a compulsive gambling education and awareness training program; entered into a contract with the State Council on Problem Gambling to provide public education and awareness programs, information and referral services, and training seminars for mental health professionals; and included in all of the tribal gaming compacts a provision that requires any civil fines collected by the Gambling Commission or Tribal Gaming Agency as a result of infractions of gambling laws be paid to the State Council on Problem Gambling.

The Lottery Commission provides funding for the 1-800 information and referral hotline operated by the State Council on Problem Gambling. The Lottery Commission, Gambling Commission and Horse Racing Commission, in cooperation with the State Council on Problem Gambling, jointly developed an informational brochure on compulsive gambling. This brochure is distributed state-wide to gambling licensees, lottery retailers, state and local government offices and other appropriate locations.

Enforcement of gambling laws. The Washington State Gambling Code includes procedures for the seizure and forfeiture of illegal gambling-related assets. This section of the gambling code has not been substantively amended since 1981, despite subsequent court decisions interpreting the drug forfeiture statute upon which the gambling forfeiture statute was modeled. The Gambling Commission and the Attorney General have expressed concerns about whether the commission can effectively administer this statute. Proceeds realized from the enforcement of this statute are paid into the state general fund if the property was seized by a state agency or to the local government if the property was seized by a local government law enforcement agency.

"Gambling devices" are prohibited in Washington. The gambling code definition of "gambling device" describes the characteristics of the machines, but does not specifically list the types of gambling devices. The Gambling Commission has uniformly applied the prohibition to slot machines and electronic gambling devices.

The provisions defining the criminal offenses of first and second degree professional gambling include as an element of the offenses that a certain volume of illegal activity must have occurred in any "calendar month." Courts have interpreted this to mean, for example, that if certain activities began on the 25th day of a certain month, then only those activities occurring before the first of the next month are counted toward the volume of illegal activity.

The director of the Gambling Commission may only appoint two assistant directors.

Recommendations of the Gambling Policy Task Force. In 1993, the Legislature adopted EHCR 4403, creating the State Gambling Policy Task Force. The task force was made up of 11 voting members: 10 legislators and the Governor's designee, and three nonvoting members: one representative each from the Horse Racing Commission, the Lottery Commission and the Gambling Commission. The purpose of the task force was to examine: (1) The current nature and scope of authorized gambling in the state; (2) the future of gambling in the state; (3) the need for defining a clear public policy on gambling; and (4) the feasibility of merging the Gambling Commission, Lottery Commission, and Horse Racing Commission into one state agency. The task force submitted its final report to the Legislature on January 1, 1994. The final report made several major recommendations, including:

- (1) "The Legislature should codify the following statement of Washington's public policy toward gambling in statute: "The public policy of the state of Washington on gambling is to keep the criminal element out of gambling and to promote the social welfare of the people by limiting the nature and scope of gambling activities and by strict regulation and control."

- (2) The Legislature should amend the state lottery statute to require prior legislative approval of any on-line game operated more frequently than once every 24 hours.
- (3) Services for problem and compulsive gamblers should continue to be offered. The Gambling Commission, the Lottery Commission, and the Horse Racing Commission should continue to provide resources for the support of these services. The Gambling Commission, Horse Racing Commission and Lottery Commission should jointly develop informational signs concerning problem gambling which include the toll free hot line number to be placed in the establishments of gambling licensees and lottery retailers.
- (4) The Legislature should amend the gambling code to aid the Gambling Commission in enforcing the public policy of the state and in fighting illegal gambling. These changes should include: (1) clarifying the unconditional ban on slot machines and video gaming devices in Washington; (2) strengthening the Gambling Commission's authority to seize illegal gambling-related assets; and (3) streamlining the reporting requirements for commercial stimulant operators, to the extent that this can be accomplished consistently with the public policy of the state toward gambling.

Summary:

Public policy statement. The following statement of Washington's public policy toward gambling is codified: "The public policy of the state of Washington on gambling is to keep the criminal element out of gambling and to promote the social welfare of the people by limiting the nature and scope of gambling activities and by strict regulation and control."

Frequency of Lottery games. Prior legislative approval is required before the Lottery may conduct any on-line game more frequently than once every twenty-four hours. "On-line game" is defined as a game in which the player pays a fee to a lottery retailer and selects a combination of numbers or symbols, and the Lottery separately selects the winning combination or combinations.

Problem and compulsive gambling. The Legislature recognizes that some people in Washington are problem or compulsive gamblers and that the state has the responsibility to continue to provide resources for the support of services for problem and compulsive gamblers. The Gambling Commission, Horse Racing Commission, and Lottery Commission are required to jointly develop informational signs about problem and compulsive gambling to be placed in gambling establishments.

Enforcement of gambling laws. Procedures for the seizure and forfeiture of gambling-related assets are updated. The changes are patterned after recent changes in the drug forfeiture statute. The changes provide greater protection for property owners who are unaware of the illegal activities being conducted on their property. The net proceeds of gambling-related property seizures are retained exclusively by the Gambling Commission to defray enforcement costs.

ATTACHMENT E

SHB 2235

Gambling devices on cruise ships are exempt from the penalty and seizure provisions if the devices are not operated for gambling purposes within the state of Washington.

Slot machines, video pull-tabs, video poker, and electronic games of chance are specifically added to the definition of "gambling device."

References to "calendar month" in the provisions defining the crimes of first and second degree professional gambling are amended to read "thirty-day period."

The director of the Gambling Commission may appoint three assistant directors.

Votes on Final Passage:

House	91	5	
Senate	39	0	(Senate amended)
House	90	5	(House concurred)

Effective: April 1, 1994

SHB 2235 PARTIAL VETO C 112 L 94

Clarifying the business and occupation tax on periodicals and magazines.

By House Committee on Revenue (originally sponsored by Representatives Cothorn, Foreman, Thibaudeau, J. Kohl, L. Johnson, Ogden, Rust, Chappell, Van Luven, Brough, Brown and Cooke).

House Committee on Revenue
Senate Committee on Ways & Means

Background: Washington's major business tax is the Business and Occupation (B&O) tax. This tax is imposed on the gross receipts received by a business. Although there are several different B&O tax rates, the rates for most businesses range from 0.471 percent to 2.5 percent.

Before July 1993, publishers of newspapers, magazines and periodicals paid B&O tax at a rate of 0.484 percent of gross income. Legislation enacted in 1993 restricted this special rate to newspaper publishers. As a result, the rate for other types of publishers was increased to 2.13 percent. The rate for newspaper publishers was raised to 0.515 percent.

Cities and towns have general licensing powers that include the power to impose a fee or tax for the privilege of doing business within the city or town. These fees and taxes are often called "business and occupation taxes" and are often based on gross receipts.

Summary: The Business and Occupation tax rate for publishers of periodicals or magazines is reduced from 2.13 percent to 0.515 percent. "Periodical or magazine" means a printed publication, other than a newspaper, issued regularly at stated intervals at least once every three months,

including any supplement or special edition of the publication.

Juvenile newspaper carriers are exempt from state business and occupation taxes. They are also exempt from city and town licensing requirements. Persons employing juvenile newscarrriers must notify each carrier that the exemptions will expire when the carrier reaches 18 years of age.

Votes on Final Passage:

House	87	0	
Senate	48	0	(Senate amended)
House	95	0	(House concurred)

Effective: June 9, 1994

Partial Veto Summary: The veto removes the sections that exempt juvenile newspaper carriers from state business and occupation taxes. The veto also removes the section that requires employers to notify carriers that the exemption will expire when the carrier reaches 18 years of age.

VETO MESSAGE ON HB 2235-S

March 28, 1994

To the Honorable Speaker and Members,
The House of Representatives of the State of Washington
Ladies and Gentlemen:

I am returning herewith, without my approval as to sections 2 and 4, Substitute House Bill No. 2235 entitled:

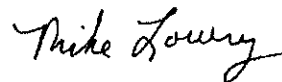
"AN ACT Relating to business and occupation taxes for periodicals and magazines;"

This bill relates to reducing the business and occupation tax rate for publishers of newspapers, magazines, and periodicals and provides an exemption from state, city, and town business and occupation taxes for juvenile newspaper carriers.

Sections 2 and 4 of the bill provide a state business and occupation exemption for newspaper carriers under the age of eighteen. Another bill which passed this session, Substitute House Bill No. 2671, provides B&O tax relief for small businesses, and will effectively relieve juvenile newspaper carriers of all B&O tax liability. In addition, under Substitute House Bill No. 2671, these carriers will not have to pay a \$15 fee to register with the Department of Revenue. As a result of this general tax relief for small businesses, sections 2 and 4 of Substitute House Bill No. 2235 are redundant and unnecessary.

With the exception of sections 2 and 4, Substitute House Bill No. 2235 is approved.

Respectfully submitted,



Mike Lowry
Governor

Attachment F

CERTIFICATION OF ENROLLMENT

HOUSE BILL 2382

Chapter 120, Laws of 1994

53rd Legislature
1994 Regular Session

GAMBLING--COMMERCIAL STIMULANTS

EFFECTIVE DATE: 6/9/94

Passed by the House February 14, 1994
Yeas 95 Nays 0

BRIAN EBERSOLE

**Speaker of the
House of Representatives**

Passed by the Senate March 4, 1994
Yeas 35 Nays 14

JOEL PRITCHARD

President of the Senate

Approved March 28, 1994

MIKE LOWRY

Governor of the State of Washington

CERTIFICATE

I, Marilyn Showalter, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **HOUSE BILL 2382** as passed by the House of Representatives and the Senate on the dates hereon set forth.

MARILYN SHOWALTER

Chief Clerk

FILED

March 28, 1994 - 11:26 a.m.

**Secretary of State
State of Washington**

Attachment F

HOUSE BILL 2382

Passed Legislature - 1994 Regular Session

State of Washington 53rd Legislature 1994 Regular Session

By Representatives Veloria, Lisk, Heavey, Horn, Anderson, Schmidt, King, Chandler, Conway and Springer

Read first time 01/14/94. Referred to Committee on Commerce & Labor.

1 AN ACT Relating to gambling; and amending RCW 9.46.0217 and
2 9.46.0281.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 **Sec. 1.** RCW 9.46.0217 and 1987 c 4 s 6 are each amended to read as
5 follows:

6 "Commercial stimulant," as used in this chapter, means an activity
7 is operated as a commercial stimulant, for the purposes of this
8 chapter, only when it is an (~~incidental~~) activity operated in
9 connection with(~~, and incidental to,~~) an established business, with
10 the (~~primary~~) purpose of increasing the volume of sales of food or
11 drink for consumption on that business premises. The commission may by
12 rule establish guidelines and criteria for applying this definition to
13 its applicants and licensees for gambling activities authorized by this
14 chapter as commercial stimulants.

15 **Sec. 2.** RCW 9.46.0281 and 1987 c 4 s 21 are each amended to read
16 as follows:

17 "Social card game," as used in this chapter, means a card game,
18 including but not limited to the game commonly known as "Mah-Jongg,"

ATTACHMENT G

HOUSE BILL REPORT

HB 2382

As Passed Legislature

Title: An act relating to gambling.

Brief Description: Changing gambling provisions.

Sponsors: Representatives Veloria, Lisk, Heavey, Horn, Anderson, Schmidt, King, Chandler, Conway and Springer.

Brief History:

Reported by House Committee on:
Commerce & Labor, February 4, 1994, DP;
Passed House, February 14, 1994, 95-0;
Passed Legislature.

HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: Do pass. Signed by 9 members:
Representatives Heavey, Chair; G. Cole, Vice Chair; Lisk, Ranking Minority Member; Chandler, Assistant Ranking Minority Member; Conway; Horn; King; Springer and Veloria.

Staff: Jim Kelley (786-7166).

Background: In its final report to the Legislature, the Task Force on Washington State Gambling Policy included a recommendation that the reporting requirements for commercial stimulant operators should be streamlined, to the extent that this can be accomplished consistently with the public policy of the state toward gambling. The task force agreed to the following description of the state's public policy on gambling: "The public policy of the state of Washington on gambling is to keep the criminal element out of gambling and to promote the social welfare of the people by limiting the nature and scope of gambling activities and by strict regulation and control."

The gambling code provides that an activity is operated as a commercial stimulant only when it is an incidental activity operated in connection with, and incidental to, an established business, with the primary purpose of increasing the volume of sales of food or drink for consumption on the premises. The commission has the authority to establish guidelines and criteria for applying this definition.

ATTACHMENT G

Card rooms may be operated by either commercial stimulant or bona fide charitable or nonprofit operators. The operators' gross receipts are generated through collection for time, not through the level of wagering at the tables. Card rooms may charge up to two dollars per half hour of playing time.

Summary of Bill: The sections of the gambling code defining "commercial stimulant" and providing the maximum fee for play at a card room are amended.

An activity is operated as a commercial stimulant only when it is an activity operated in connection with an established business, with the purpose of increasing the volume of sales of food or drink for consumption on the premises.

Card rooms may charge up to three dollars per half hour of playing time.

Fiscal Note: Requested January 25, 1994.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: The increase in the card room fee is merely to keep up with inflation. The commercial stimulant definition is very important. Washington has 2,300 commercial stimulant operators. Each one has to document food and liquor sales versus gambling revenue. This is burdensome on both the operators and the commission.

Testimony Against: None.

Witnesses: (In favor) Representative Velma Veloria, prime sponsor; Frank Miller, Gambling Commission; Fred Steiner, Diamond Lils Restaurant; Dave Pardey, Skyway Park Bowl; and George Teeny, New Phoenix Restaurant.

ATTACHMENT H

WASHINGTON STATE GAMBLING COMMISSION

MINUTES COMMISSION MEETING THURSDAY, FEBRUARY 9, 1995

Acting Chair Mosbarger called the meeting to order at 1:45 p.m. at the Ramada Governor House Hotel, Olympia, Washington.

MEMBERS PRESENT: WANDA MOSBARGER, Vice Chair, PATRICK GRAHAM and EDWARD HEAVEY.

OTHERS PRESENT: FRANK L. MILLER, Director; BEN BISHOP, Deputy Director; CARRIE SUTHERLAND, Special Assistant, Public Affairs; SHERRI WINSLOW, Assistant Director, Field Operations; JONATHAN McCOY, Assistant Attorney General; PATTI COUMERILH, Financial Investigations; SHARON TOLTON, Assistant Director, Special Operations; and SUSAN GREEN, Executive Assistant.

Acting Chair Mosbarger asked if there were any staff reports. **Director Miller** stated the staff reports would be given tomorrow. **Acting Chair Mosbarger** called for License approvals.

LICENSE APPROVALS NEW LICENSES, CHANGES, WITHDRAWALS, and TRIBAL CERTIFICATIONS

Commissioner Graham moved for approval of the list as printed; **Commissioner Heavey** seconded the motion; motion carried with three aye votes.

REVIEW OF FRIDAY'S AGENDA

Ms. Sutherland said there is a petition package of rules for final action that relates to the local taxing issues; there are three rules as part of that petition. There will be a discussion on a package relating to the licensing of gambling managers, on a package relating to commercial stimulant rules, and on raffle rules. In addition, there is one housekeeping rule for discussion. For discussion and possible filing are two housekeeping changes. There is an addendum to the agenda, which is a petition by the Recreational Gaming Association to change the card room closure hours from 2:00 a.m. to 6:00 a.m. to 4:00 a.m. to 8:00 a.m. One other note for today's agenda, the formal review of Big Brothers and Big Sisters of Tacoma will be moved to the March meeting. Also tomorrow, the WCCGA would like to make a 10 minute presentation. There will be an Executive Session today and tomorrow. **Acting Chair**

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Mosbarger asked for any questions or comments on Friday's agenda.

HEARING

The Shed, Inc., d/b/a The Pine Shed Restaurant, Spokane
CR 93-0691 -- Request for Reconsideration

Ms. Sutherland said that Bob Racicot came before the Commission in Spokane at the November (1994) meeting and requested reconsideration of his fine. He asked for a reduction or restructuring of the fine. Currently, the fine has been paid to date. Half of the last payment was made and he would like to restructure the second half or ask that it be reduced. Staff recommends lowering the payments from \$2,000 a month to \$1,000 a month, which would allow Mr. Racicot to extend the fine over a longer period of time with the total fine remaining unchanged. Final payment would be due January of 1998. The fine was based on agency cost so staff feels strongly that the fine should remain the same. **Director Miller** said looking at the present amount of business Mr. Racicot is generating in his card room, it would be easier to reduce the monthly payment amount and extend the term. **Mr. McCoy** said when the issue was raised in November, the Commission asked him to look at the possibility of doing this; however, there is no formal procedure under the rules of the Commission for reopening an order. The appeal period was past so he suggested to Mr. Racicot that he request to reopen based on a change in circumstances. **Mr. McCoy** said this is not something the Commission has done in the past. It would be a unique decision and the Commission may want to consider making a rule change to handle cases like this in the future.

Ms. Sutherland stated that Mr. Racicot is present and would like to approach the Commission. **Mr. Racicot** of The Shed Restaurant in Spokane, said he came before the Commission in November in Spokane and stated at that time that, with the fine assessed upon him, he could not operate the card room properly. He was fined \$58,000 over the two-year period with the \$10,000 down. He has currently paid \$21,000. This last quarter he was unable to pay the \$6,000 so he called the Gambling Commission and it was suggested to him that he pay \$3,000 until he could come before the Commission. He thanked Mr. Miller for suggesting that the fine be extended over a longer period of time. He said he has a hard time because he is being held solely responsible. He said his pit bosses were the ones arranging games and now he is responsible for paying the Gambling Commission's expenses as a result of the investigation. He said the court in Spokane is near throwing out the cases.

Director Miller said Mr. Racicot is referring to the criminal cases pending in Spokane. There were quite a few arrests. There have been comments in the media lately about a judge questioning the player definition as being too vague and may be dismissing some of the charges. He said the case against The Shed was an administrative action and should be treated separately from the criminal case. There were still problems regarding hidden ownership. **Director Miller** said staff does not support a reduction of the fine. **Mr. Racicot** said he would appreciate the Commission looking at this issue with an open mind.

Commissioner Graham asked if the judge recommended that the license be taken away. **Director Miller** said the original order summarily suspended both the pull tab and the card room licenses. It

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went to a hearing and the Commission overturned the judge's ruling of revocation and Mr. Racicot was fined. This was a very lengthy undercover investigation. He said it was the largest fine against a licensee.

Acting Chair Mosbarger noted the Commission isn't prepared to make a decision of reducing the fine but the Commission could consider lowering the payment. **Commissioner Graham** moved to accept the recommendation of staff and extend the payments at the lower amount. **Mr. McCoy** asked for clarification on the deferred period of time, and if extending the payments also extends the suspension deferral period as well. **Director Miller** stated the suspension deferral period would have to be extended. **Commissioner Heavey** seconded the motion; **Commissioner Heavey** offered an amendment stating that if the licensee is in default for more than two months, then the fine payment amount would go back up to \$2,000. **Commissioner Graham** seconded the amendment. **Mr. Racicot** asked if he had to close the card room, would he be able to keep his pull tabs and fishbowls. **Director Miller** said the action was taken on all licenses and he would not be able to keep his licenses because he would have to fulfill the penalty. Vote taken on the motion as amended; motion carried as amended with three aye votes. **Director Miller** requested that Mr. McCoy draft an amended order.

DEFAULT HEARING

James G. Warner, d/b/a The Place, Battleground
CR 94-1154 -- Punchboard/Pull Tab License

Ms. Sutherland said this licensee is no longer in business and did not respond to notification that they were delinquent in submitting activity reports. Staff recommends a one year revocation. **Commissioner Heavey** asked why the Commission doesn't just revoke their license indefinitely since there was a death. **Ms. Sutherland** said if someone else in the business might apply for a gambling license, perhaps they shouldn't be penalized since the underlying charge was just failure to submit reports on time. **Commissioner Heavey** asked if these individuals could reapply for a license. **Mr. Bishop** explained that if they were to apply within the year period of time, the staff would probably deny the application for that first year. **Ms. Sutherland** further explained that usually the basis for recommendation is based on the underlying charge in a default and the seriousness of the charge. **Commissioner Heavey** moved for one year revocation; **Commissioner Graham** seconded the motion; motion carried with three aye votes.

QUALIFICATION REVIEWS

Ms. Coumerilh said that Big Brother/Big Sisters of Tacoma will be presenting its formal review in March instead of at this meeting.

SEATTLE JAYCEES, Seattle

Ms. Coumerilh said this is a civic organization with a Class "M" bingo license, a Class "L" punchboard/pull tab license, and a Class "E" raffle license. The organization was formed in 1936 and currently has 404 voting members. The organization maintains a full-time administrative office in

ATTACHMENT H

Seattle; they also operate two other nonprofit subsidiary organizations. The organization also has three youth programs: Clients served were 36 individuals including 5 members of the organization and approximately 1,500 members of the general public. Contributions totaled \$71,903; scholarships were \$39,282. Net gambling revenues totaled \$426,362; bingo net income was \$381,583. The organization spent \$495,861 in support of its stated purpose. The organization continued its support of the Woodland Park Zoo. Staff recommends approval as a civic organization.

Commissioner Graham said that he noted that John Tilsborrow, who is the business manager, also has a second job as the financial officer and asked for whom. **Ms. Coumerilh** said his job is with a fishing company and he only works 40 hours there, and between the two positions works 7 days a week.

SEATTLE JUNIOR HOCKEY ASSOCIATION

Ms. Coumerilh said this is an athletic organization with a Class "M" bingo license, a Class "O" punchboard/pull tab license, and licenses for Class "E" amusement games and Class "A" raffles. The organization was first formed in 1974 and currently has 44 voting members. The organization maintains a full-time administrative office in Mountlake Terrace. Office expenses are shared with Northwest Amateur Hockey Association. Clients served during the year totaled 1,025. Contributions totaled \$96,917; Scholarships totaled \$49,374, for 11 students, and Sponsorships totaled \$3,616. Net gambling revenues totaled \$1,211,941. Bingo net income totaled \$1,650,000. The organization spent \$1,377,520 in support of its purposes. The group completed its Olympic-size ice arena project. Staff recommends approval as an athletic organization.

B.P.O.E. #823, Vancouver

Ms. Coumerilh said this is a fraternal organization with a Class "H" bingo license, and a Class "G" license in punchboards/pull tabs. First formed in 1902, there are currently 1,427 voting members. The organization maintains a facility that serves as an activity center for members and is open 7 days per week. Clients served were 5,000 members of the general public and 1,427 members of the organization. Contributions totaled \$36,753. Scholarships totaled \$15,500. Net gambling was \$158,398. Net bingo income was \$108,376. The organization continues to provide charitable contributions to youth activities in its community. Staff recommends approval as a fraternal organization.

SILVER BUCKLE RODEO CLUB, Vancouver

Ms. Coumerilh said this is an athletic organization with a Class "H" bingo license, and a Class "H" license in punchboards/pull tabs. The organization was first formed in 1978 and there are 52 voting members. The organization maintains two arenas, livestock barns on a fenced 60 acre parcel in Vancouver. Clients served were 4,553 members of the general public. Contributions totaled \$12,127. Scholarship totaled \$2,500. Sponsorships totaled \$22,210. Net gambling revenues totaled \$263,097. Bingo net income was \$221,171. This organization spent \$250,198 in support of its stated purposes. The organization

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renovated the riding arena and livestock barns in 1993, added a watering system and a state-of-the-art lighting system for safety. With these improvements, Silver Buckle was able to able to conduct many more programs and fund raising activities. Staff recommends qualification as an athletic organization for the purposes of conducting gambling in the state of Washington. **Commissioner Graham** asked about the number of clients served and how much the number has increased; **Michelle Bernhardt**, Silver Buckle Rodeo Club, said the number of general public has increase by approximately 1,500 clients in the last three years. **Commissioner Graham** also asked if any of the present board members are related. **Ms. Bernhardt** said no they are not. **Director Miller** commented that Silver Buckle has had some problems in the past and staff is very pleased with their improvements.

Acting Chair Mosbarger called for a motion for certification of the above organizations; **Commissioner Graham** moved for qualification of these groups as presented; **Commissioner Heavey** seconded the motion; motion carried with three aye votes.

GENERAL DISCUSSION

Director Miller said a group of distributors met this morning with Commission staff. At the meeting last month, some concerns were raised about the pricing policies. One option discussed was to change the whole regulatory scheme or create new rules to make it even tighter. The distributors agree that the pricing rules should be changed. The Commission will try in the short term to put more emphasis on regulation again with regard to pricing to see if it can be brought under control. There were a lot of complaints. The Commission will be kept informed.

Commissioner Heavey asked if Commission staff is taking any positions on legislation; **Director Miller** said that will be a discussion item during other business tomorrow, because some of the licensees requested that the Commission support some of the bills. He will give a report tomorrow.

Acting Chair Mosbarger called for Executive Session and adjourned the public meeting.

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WASHINGTON STATE GAMBLING COMMISSION

MINUTES COMMISSION MEETING FRIDAY, FEBRUARY 10, 1995

Vice Chair Mosbarger called the meeting to order at 10:15 a.m. at the Ramada Governor House Hotel, Olympia, Washington.

MEMBERS PRESENT: **ROBERT M. TULL, Chairman; WANDA MOSBARGER, Vice Chair; PATRICK GRAHAM, and EDWARD HEAVEY.**

OTHERS PRESENT: **FRANK L. MILLER, Director; BEN BISHOP, Deputy Director; SHERRI WINSLOW, Assistant Director, Field Operations; JONATHAN McCOY, Assistant Attorney General; SHARON TOLTON, Assistant Director, Special Operations; CARRIE SUTHERLAND, Special Assistant, Public Affairs; and SUSAN GREEN, Executive Assistant.**

Acting Chair Mosbarger said she will be running the meeting until Chairman Tull arrives.

APPROVAL OF THE MINUTES FROM THE JANUARY 12-13, 1995, MEETING

Commissioner Graham moved for acceptance of the minutes from the January 12-13, 1995, Commission meeting in SeaTac, Washington, as set forth and printed in the agenda packet; **Commissioner Heavey** seconded the motion; motion carried.

STAFF REPORTS

LEGISLATION

Director Miller gave an update on the legislative session. He said House Bill 1447 is a bill regarding reducing gambling taxes for those licensees that are within 35 miles of a tribal casino. This is sponsored by Representative Lisk. Companion Bill in the Senate, SB- 5726, by Senators Prentice and Bower would extend to 50 mile radius. There has not been a hearing as of this date. Senate Bill 5269 raises the maximum cost for raffle tickets to ten dollars from the present limit of five dollars. **Director Miller** said that the Commission supports this bill. He did point out there should be a certain cap because of the inability to regulate before the fact. Senate Bill 5277 states that the Legislature must also approve tribal gaming compacts and the compacts can only come forth when the Legislature is in session. After the most recent compacts, there has been some question as to whether the Legislature should approve the

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compacts before forwarding them to the Governor. There had been a hearing but members of the Commission were not asked to testify. Senate Bill 5301 sets limits for tribal casinos back to the limits set in 1991. This bill does nothing to those compacts currently in effect. This bill has had a hearing. Senate Bill 5468 allows for golfing sweepstakes, or "Calcutta" events, which is a player auction. Senate Bill 5602 would authorize gambling devices if they are authorized on Indian or federal lands.

Director Miller explained that basically, if the federal courts by judgment or decree authorize gambling devices for tribes, all other licensees in the state would get them also. This bill directs the Gambling Commission to implement the rules for doing this and would have a significant impact on the agency. Senate Bill 5603 removes pull tabs out of the sight of children in bowling alleys. This bill did have a hearing but hasn't gone anywhere else. The Washington Charitable and Civic Gaming Association also has proposed a bill to reduce the pull tab taxes to 10 percent of the net as opposed to 5 percent of the gross. A presentation will be given later in the meeting. Senate Joint Memorial 8004 by Senator Heavey requests that Congress and the National Indian Gaming Commission not approve the Puyallup Tribes grandfather clause request. The Commission has opposed this and sent letters to the NIGC. There are two gubernatorial appointments, Commissioners Mosbarger and Heavey, that will come up for hearing but have not yet been scheduled. Another bill regarding Problem Gambling would take \$150,000 per year from the Lottery to go to DSHS to help educate in the problem gambling area. So far, there doesn't seem to be any support. **Vice Chair Mosbarger** noted that several names are on every one of the bills discussed; she asked if these people are opposed to Indian gaming or just gambling in general. **Director Miller** said that the legislators have traditionally been opposed to gambling and the expansion of gambling.

TRIBAL GAMING

Director Miller said that on January 26, 1995, Governor Lowry signed the Suquamish compact and the Port Gamble compact, along with seven tribal gaming compact amendments. The Jamestown S'Klallam Tribe opened its Seven Cedars Casino on February 3rd. He gave special notice to Mike Tindall and Fred Wilson, who worked very closely with the Tribe. **Director Miller** also shared that the Commission is close to completing three more compacts; the Nisqually, the Hoh and the Skokomish Tribes are close to tentative agreements.

((Chairman Tull arrived at this time))

ADOPT OR AMEND RULES

PETITION

Amendatory Section WAC 230-04-280 ~~((Notification to law enforcement.))~~ Licensees must notify law enforcement and local taxing authorities.

Amendatory Section WAC 230-04-400 Denial, suspension or revocation of licenses

Amendatory Section WAC 230-50-010 Adjudicated proceedings--Hearings

Ms. Sutherland said the three rules that are up for final action include one that requires the licensees to notify the local taxing authorities, one provides for revocation of gambling licenses for failure to pay gambling taxes and the third is simply to allow the Commission to use the brief adjudicative proceedings process for the revocation of those licenses. One of the concerns raised by the Commission is the cost

ATTACHMENT H

that the agency would incur in pursuing these cases. She said that the concern of staff is the importance of getting reimbursed for expenses incurred. **Ms. Sutherland** noted a draft rule had been prepared that includes reimbursement of the agency costs and that copies are available at the back of the room.

Commissioner Heavey said he is not ready to support this rule change even though they initially requested that this item be given consideration. He said it is important that people who don't pay their taxes should not be allowed to conduct gambling activities. He doesn't think it's fair to pass on the cost of that to the rest of the licensees. He said if the costs to the Commission could be recouped somehow, then he may support the change. He said he spoke with Ms. Johnston (Gaming Inspector, City of Bremerton), who has some objections to the rule. He said the Commission shouldn't be giving a blank check in helping out the counties. Both issues should be addressed at the same time and the two groups should cooperate without passing the cost on to the licensees.

Commissioner Graham said he was the one who proposed holding this petition off until this meeting. He said the portion he opposes is the requirement of licensees to notify the taxing authority when they receive a gambling license. He said licensees shouldn't have to waste their time notifying the local authorities when the Gambling Commission is already notifying local law enforcement and taxing authorities by policy. He said he doesn't see why this rule is needed.

Ms. Sutherland said that, in the past, the policy on interpreting this was that if the taxing authority had received a judgment or some sort of settlement that showed the people were in fact delinquent, then the case would be pursued. **Commissioner Graham** also addressed the cost. He said he gets the feeling that the Commission will be flooded with a bunch of back tax cases. The immediate expense in just receiving their request in the mail would be \$500. **Ms. Sutherland** said one of the Commission's concerns was to set a threshold level for the amount that was owed before the Commission would pursue a case. **Commissioner Graham** said the Commission has already probably spent more on a case in Seattle than the man owed in taxes. **Director Miller** said that, in the past, the Commission has had the policy that if the taxing authority had a judgment against the licensee, then it's a simple case and the Commission will take the case.

Chairman Tull stated that at an early point in this process, the Commission had discussed changing the application or reapplication form to include an affirmative representation by the licensee that they were in fact current with all local requirements. The Commission would have a fraudulent representation and the Commission could pursue that type of case. **Director Miller** responded that there are two problems in this issue. The first is the licensee could be delinquent on the taxes but before staff get the word, the license renewal has been mailed out. The Commission can change the application form to say "Are you current with your taxes?" If the licensee answers "yes" and then the Commission finds out they are delinquent, the Commission could then pursue fraudulent charges and that would be a basis for denial. **Chairman Tull** asked if the Commission would support that type of screening and also work with the petitioners in the event the Commission would go into an enforcement-type of mode. He suggested this be deferred until the Commission has had an opportunity to review this issue. **Commissioner Heavey** asked if this could be deferred again until next month. **Mr. McCoy** said this has 180 days from the day it was filed, which would be May since it was filed in November. **Commissioner Heavey** asked if the cost issue could be added to this rule.

Chairman Tull said the application could just be amended to say the licensee has a dispute with such-

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and-such and enclosed is a copy of the letter, or that the licensee is paying under protest. **Director Miller** said that could be done immediately. This would weed out some of the problems like King County had mentioned. It would be helpful to have input from the Commission on this. If the commissioners agree, the Commission could start a policy change and then work this month on how to get the expenses reimbursed. **Chairman Tull** said there is a concern that the law-abiding licensees should not be penalized for these particular costs. **Director Miller** said that an area to explore is requiring the licensee to pay the Gambling Commission's expenses for taking action in order to get their license back. The Commission has done this in the past as in when cases are brought before the commissioners, the fine is increased to cover expenses.

Acting Chair Mosbarger asked if holding this over another month would be enough time to explore the cost reimbursement issue. **Ms. Sutherland** said she thought it would be reasonable. **Commissioner Heavey** said he thought staff ought to look at the reimbursement issue and the rule changes at the same time. **Director Miller** said the Commission's usual timeframe is to have rules become effective July 1 and January 1. These rules will still be complete in time for the July 1 timeframe.

Chairman Tull moved that this be held over until next month's meeting to give staff time to investigate an application change and continue to work with the petitioners to see if the reimbursement cost recovery issue can be solved. **Commissioner Heavey** asked if one month is enough time to work this out with the counties, have a proposed rule ready to go and not hold it over again. **Ms. Sutherland** thought that one month would be fine. **Commissioner Heavey** seconded the motion.

Doug Lasher, Clark County Treasurer, said he'd like to speak to Commissioner Graham's comment on the licensee having to notify the local taxing authority. He said new licensees claim that they don't know they are suppose to notify the local taxing authority. He'd like to be able to have the licensee notify the city or county by phone to indicate they are doing business. He said in Clark County, there have been a couple of incidences where the licensees have found out much later that they owed taxes and by then have a sum of money that is behind. **Commissioner Graham** asked whether, if the taxing authority is already getting the information that this person has started business, why would the licensee have to also notify the taxing authority. **Mr. Lasher** said it would be helpful if the licensees knew what is expected. The taxing authorities are trying to make it very clear to the licensees.

Linda Nelson, King County Finance in Seattle, said the one thing that really bothers people is that the legitimate licensees are paying taxes and the guy down the street might not be. That's the part that's unfair. She would like an affidavit issued. It is unfair to have one business paying taxes and another not. She thinks the change in the application form is a very good idea. Also, the taxing authority should verify what the licensee says regarding their local taxes. She said the Gambling Commission and the taxing authorities should definitely work together to find an equitable solution. She thinks the violator should pay the penalties imposed.

Barbara Corey, Whatcom County Treasurer, said she agrees with the previous two speakers. If this becomes a WAC rule, it will be a rule that is written down and must be followed year after year. She said they are willing to work with the Commission on cost reimbursement. She thanked the Commission for considering this petition.

Chuck Russell, Valley Tavern, said the Commission should think long and hard before it becomes

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involved in enforcing tax collection for local taxing agencies. He believes it is up to the taxing agencies to collect the taxes.

Paula Johnston, license inspector and local gambling enforcement officer in Bremerton, said there are more than 40 gambling licensees and there have only been a couple cases involving delinquent taxes. This petition tells the licensees that the Commission will start proceedings at the start of a delinquency rather than at the end. Currently, by the time the Gambling Commission gets a case, the amount owed has quadrupled or even more. Counties and cities would be more than happy to assist with cost recovery.

Chairman Tull said the motion is still on the table to hold this over until next month; vote taken, motion carried with three aye votes; **Commissioner Graham** voted nay.

LICENSING OF GAMBLING MANAGERS

Amendatory Section WAC 230-02-240 Commercial gambling manager defined.

Amendatory Section WAC 230-02-418 ((Bingo)) Charitable or nonprofit gambling manager defined.

Amendatory Section WAC 230-04-145 Licensing of charitable or nonprofit gambling managers ((of bingo games))--Application procedures.

Amendatory Section WAC 230-04-147 Notification to the commission upon beginning, terminating, or changing responsibilities ((as bingo game)) of charitable or nonprofit gambling managers.

New Section WAC 230-12-079 Duties and responsibilities of a charitable or nonprofit gambling manager.

Amendatory Section WAC 230-20-070 Regulation of managers, operators, and other employees--Charitable or nonprofit organizations.

Ms. Sutherland said Item 4 is for discussion only and final action in March. This is a rules package regarding the licensing of gambling managers or executive directors. The staff discussed this package for a number of months with the charitable/nonprofit study group. These rules provide for the licensing of individuals who have the highest level of authority over the gambling activity, the funds earned from the gambling activity and their disbursement, or those who supervise or manage the gambling activities of charitable or nonprofit organizations.. Staff recommends further discussion.

Chairman Tull called for anyone who wanted to testify on this proposed rule; no one came forward. He said there will be another hearing opportunity at the meeting next month in Tacoma. **Director Miller** said this proposal is a result of a loophole in the existing regulation regarding the regulation of charitable and nonprofit gaming.

COMMERCIAL STIMULANT RULES

Amendatory Section WAC 230-02-350 Commercial stimulant defined.

Amendatory Section WAC 230-02-360 Licensed premises defined.

Amendatory Section WAC 230-02-370 Food and/or drink business defined.

Amendatory Section WAC 230-02-380 Established business defined.

Amendatory Section WAC 230-04-080 Certain activities to be operated as a commercial stimulant only--Licensing of food and/or drink businesses.

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Amendatory Section WAC 230-08-130 Quarterly activity reports by operators of punchboards and pull tabs.

Amendatory Section WAC 230-08-160 Quarterly activity reports by operators of social and public card rooms.

Repealer WAC 230-02-125 Adjusted net gambling receipts defined.

Repealer WAC 230-12-075 Commercial stimulant compliance.

Ms. Sutherland said Items 5 A through I are for discussion today with final action possible in March. These changes are to comply with the 1994 legislative change to RCW 9.46.0217. The primary concern here is to determine whether a business is engaged in the sale of food and drink for on-premises consumption as opposed to measuring the gambling activities against the sale of food and drink. This is for further discussion with final action next month.

Chairman Tull asked for anyone who wanted to testify; no one came forward.

RAFFLE RULES

Amendatory Section WAC 230-02-183 Active member defined

Amendatory Section WAC 230-08-070 Raffle records

Amendatory Section WAC 230-12-040 No firearms as prizes--Exceptions

Amendatory Section WAC 230-20-300 Control of raffle prizes

Amendatory Section WAC 230-20-325 Manner of conducting a raffle

New Section WAC 230-20-335 Raffles conducted among members of an organization--
Procedures--Restrictions

Ms. Sutherland said Item 6 A-F is a group of rules that apply to raffles and is proposed by staff in conjunction with organizations that hold raffle licenses. The rules basically simplify the record keeping requirements for raffles, allow simplified procedures for members-only raffles, and various other rule changes that help organizations with their raffles. This is for discussion only with final action next month.

Frank Lockhard, Ducks Unlimited, said his group has met with the Gambling Commission quite frequently. They have formed a task force of seven separate nonprofit organizations: Rocky Mountain Elks Foundation, Ducks Unlimited, Foundation for North American Wild Sheep, Mule Deer Foundation, National Wild Turkey Federation, Pheasants Forever, and Trout Unlimited. The task force was formed to hopefully liberalize some of the paperwork. He said one thing the groups all have in common is they all have volunteers so any one day there could be a whole new set of volunteers. He would like to request one change in Item 6B subsection (6). Records shall be maintained at the main administrative or business office of the organization that is located within Washington State. The organizations realized later that not everyone has the same structure so he wanted to propose one change. Reading on, "...If the organization does not have an administrative or business office within Washington State, or if the organization is structured to include more than one chapter or sub-unit that conducts raffles, they shall designate a records custodian that resides in Washington State who shall be responsible for retaining all original records." He would like to change the word "retaining" for "obtaining." He could not follow the letter of the law if this rule reads "retaining." He is proposing that each sub-unit would retain its own records.

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Commissioner Heavey said this is something the staff would need to answer. **Director Miller** said this has been a difficult area. The Commission has found that conservation groups have chapters all over the state that are part of a parent organization. This rule would require the custodian be listed on the application and the Commission would contact that individual to get the records. **Mr. Lockhard** said they are not looking for any lessening of accountability. **Commissioner Graham** suggested striking out "retaining." **Director Miller** explained that the Commission needs a central focal point and somebody to help get the documents together. **Mr. Lockhard** further asked the Commission to keep the paperwork at a minimum for the nonprofit organizations. Between the seven groups of the task force, there are approximately 25,000 members represented.

Rance Block, Washington Field Director of Rocky Mountain Elks Foundation, said staff differed with their opinion on a couple of the rules. His organization has a 50-page volunteer package that explains all the regulations. All of their records are maintained in Missoula, Montana. He said Washington state is the only state that has a supplement to their 50-page regulation packet. He said he has a steady toll of volunteers. On members-only raffles, he said the requirement (pertaining to the threshold level for recording prize winners) should be raised from zero to \$50 to alleviate the requirement that records be kept on prizes as small as a 50-cent key chain. He said the Commission does not agree with him. A substantial number of the prizes awarded average in cost of about \$20.00.

Chairman Tull asked how they deal with the audit requirements with regard to the lower cost prizes. **Mr. Block** said they keep records of anything donated or purchased and where it was used within an event. They also require a list of the items that are used for the prizes for raffles or amusement games. They don't keep a list of every person that wins a prize. **Director Miller** asked how the organization verifies the winners. The Commission has seen in the past that sometimes prizes are not awarded and there is no real way to track that. The \$50 threshold was a way to compromise for members-only raffles.

Commissioner Heavey asked what a members-only raffle is. **Mr. Block** said there are fund raising events that are only open to members. **Commissioner Heavey** asked if a members-only raffle is where people are required to be present to win; **Mr. Bishop** said yes, that's how they do it at their events. In one of the new rules in this section, 6F, the preamble defines a members-only raffle. **Commissioner Heavey** said if the prize isn't given away, then it goes back to the organization. He said he doesn't understand why records need to be kept unless the prize is given to someone who is not present. **Director Miller** said what the Commission had tried to do was structure a simplified system for these types of systems. Under section 6F, this talks about simplified procedures and does require members to be present to win. **Mr. Bishop** said that subsection 2(e) applies to all raffles. Under RCW 9.46.070, Duties and Responsibilities of the Commission, subsection (9) requires that all income from bingo, raffles, and amusement games be recorded and reported. For members-only raffles, the new rule reduces the record retention requirement from three years to one year. **Director Miller** said the threshold prize area needs to be explored. These meetings and negotiations have been quite complex.

Don Kaufman, Big Brothers and Sisters of Spokane, commented on Senate Bill 5269 which proposes to raise the allowed cost of raffle tickets to \$10.00. He said none of these rule changes address the issue of people under age 18 buying and/or selling raffle tickets. Kids often sell raffle tickets when the amount generated is under \$5,000 with no license. He would like raffle tickets that children are selling be limited to \$1.00. **Director Miller** said this brings up an area that hasn't been discussed by the Commission much. Kids have sold raffle tickets for years. **Chairman Tull** asked if most legitimate

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organizations would have the same argument. **Mr. Kaufman** said there may be situations where an exemption should be granted. There are controllable situations for raffle tickets.

Commissioner Heavey said this is not an automatic exemption. The provisions that are being discussed are provisions that may take place if the Director approves it. **Chairman Tull** asked if it's an unlicensed raffle (under \$5,000) today, is a person under 18 allowed to sell tickets. **Mr. Bishop** said that people under the age 18 who are members of a group have been allowed by policy to sell the raffle tickets but by law they cannot buy them. **Director Miller** said this rule is not necessarily directed at the under \$5,000 raffles.

Lynn Melby, Director of the Washington State Federation of Clubs, asked about the maintenance of records by fraternal organizations that have bingo operations. He said if the records are not required to be maintained, then there's the risk that the records will not be kept in the first place. Merely being able to call all of the records up from some chapter would not satisfy the Commission's necessity for accountability.

Housekeeping Changes

Amendatory Section WAC 230-02-010 Washington state gambling commission--Purpose and organization.

Ms. Sutherland said Item 7 is a housekeeping change; an amendment to 230-02-010 that just reflects the current number of assistant directors on staff.

Amendatory Section WAC 230-20-130 Operation of bingo upon retail business--Conditions

Amendatory Section WAC 230-20-620 Amusement games--Objects to be thrown to be uniform--similar games not to use different object unless designated

Ms Sutherland said Item 8 is two housekeeping rules to correct typographical errors.

Addendum -- PETITION

Amendatory Section -- WAC 230-40-400

Ms. Sutherland stated there is an addendum to the agenda, which is the petition submitted by the Recreational Gaming Association. Ron Porter will testify on behalf of the petitioners.

Ron Porter, President of the Recreational Gaming Association, represents the 109 card rooms licensees around the state. He said this rule change is to change the closure hours from 2:00 a.m. to 6:00 a.m. to 4:00 a.m. to 8:00 a.m. This would not be an expansion but a change in the closing hours. This is necessary due to the tribal operations that are open until 4:00 a.m. and it has already caused considerable business loss to card rooms in the area. **Mr. Porter** said there is one additional advantage to this change. Individuals who have been drinking in the card room would have two hours to be in a position where there wouldn't be alcohol served. Because of this change and the impacts it is having on the card rooms in Seattle, they are asking for an emergency adoption of the amendment.

Steve Downen, Riverside Inn in Tukwila, said the problem is with the casino that is now operating in Anacortes, which is probably 75 miles away from his establishment and is open to 4:00 a.m., the card room players are carpooling from his establishment to the tribal operations. This affects his weekend

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business. He would certainly like to see the rule changed immediately.

Mark Mitchell, owner of the Drift-on-Inn and Blackjack Cafe in North Seattle, said the Blackjack Cafe had five black jack games day and night before the Tulalip Tribe opened in Marysville and now he has none. He said his customers leave to go play cards on the Indian reservations. He really thinks an emergency ruling would help.

Rick Davis, Charlie Macks and the 21 Club, said the Tulalips are growing and he anticipates losing even more business. He said his customers are also leaving his establishments to drive to the Swinomish Casino and the Lummi's. He believes his business is down about 20 percent.

Sam Lanteau, Hideaway in North Seattle, said he sees many of his long-time customers who have stopped coming to play cards at his place, and are instead going straight to the casinos. The longer hours would help.

Director Miller said this is a very sensitive issue. He said Class II card games at tribal facilities are not under the same restrictions as licensed card rooms in the state of Washington. In order to go beyond 2 a.m., the Tribe must either have no objection from the local law enforcement agencies, or approval. He said there are 115 card rooms in the state. The same standard should be applicable. The level of regulation is commensurate with the wagering taking place.

Commissioner Heavey moved for filing of the rule; **Commissioner Graham** seconded the motion; **Chairman Tull** said this motion and second is based on the petition as written and not as an emergency. **Commissioner Heavey** said the emergency status should be considered and an answer brought by staff to the March meeting to determine whether or not emergency status will be given. **Chairman Tull** asked Mr. McCoy if it is possible for a petition to be transformed into an emergency. **Mr. McCoy** said that at the time of filing it must be designated as emergency or not an emergency. He said in determining emergency status, the rule change must be necessary for the preservation of the public health, safety, or general welfare. If staff determines an emergency does exist, they must submit an explanation along with the rule filing. **Chairman Tull** said the only problem he has in determining this as an emergency is that at the present time it does not contain the requirement to obtain approval from local law enforcement. He said he would be comfortable in taking this as an emergency because it is a direct result of action this Commission has taken previously. He would be comfortable taking emergency action but the commissioners would have to draft a provision that even during the emergency period, the director would have to receive confirmation or the lack of objection or approval from the relevant local jurisdictions. **Chairman Tull** moved that the motion be amended to be filed as an emergency subject to inclusion of the requirement that hours not be implemented except in those instances where the licensee has supplied to the director a written statement from local law enforcement jurisdictions containing no objection to the hourly change. **Commissioner Heavey** accepted this amendment to his motion. **Chairman Tull** called for a brief recess so that staff has time to consider the possible Liquor Board requirements and other things.

Mr. Davis said his understanding is that all tribes have to do is notify the local law enforcement of their hours. He asked why it couldn't be the same way; just notify the local law enforcement agency to the new hours. He said it would be difficult to gain approval if they have to get it from local law enforcement in order to stay open different hours.

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Chairman Tull said that since Commissioner Heavey has a time problem and there are other items on the agenda, the card room issue will have to be brought up in a few moments. **Director Miller** noted there may be an additional rule and there is also a presentation by the Washington Charitable and Civic Gaming Association. He said he also needed to spend some time with the commissioner on some legislation and tax bills.

Ms. Sutherland said that Items 8A and 8B need to be filed. **Chairman Tull** said that there is a motion to file the items 8A and 8B; proposed housekeeping changes to correct typographical errors. **Commissioner Mosbarger** moved to file these rules. **Commissioner Graham** seconded the motion. Vote taken on the filing of the housekeeping changes; motion carried.

COMMENTS OF PUBLIC OR PUBLIC OFFICIALS

Don Kaufman said the Washington Charitable and Civic Gaming Association is taxed at full rates of 10 percent on gross profit for bingo and 5 percent of absolute for pull tabs; the nonprofit licensees are paying more than their fair share in taxes. He said the Commission has the right to endorse needed legislative tax changes and that the Commission could fulfill the Gambling Task Force's recommendations in doing so. Under the current system, only the distributors who sell pull tabs and the cities or counties who collect the taxes are the real winners. He said he will also show how the Commission could help reform the tax structure on pull tabs.

Mr. Kaufman said that in establishing the case for a rewrite of RCW 9.46.110, it is important to review two of the ten recommendations made by the Washington State Legislative Task Force on Gaming Policy in December, 1993: Under Recommendation #6, the Task Force recommends that the Legislature continue to explore ways for charities to improve the current gambling system of raffles, bingo, and casino nights to enable them to raise more money more efficiently. Under Recommendation #10, the Task Force recognizes that some charities have experienced a reduction in revenues due to increased gambling activity in the state. Therefore, the task force encourages the representatives of the tribes currently under compact or involved in active negotiations with the state, representatives of charitable organizations and the Gambling Commission to continue to develop solutions that would increase charitable dollars and make recommendations regarding whether the solutions should be adopted via legislation, agency rule making, or tribal compact. We know that taxes have to be done legislatively.

Mr. Kaufman said the next question in the mind of the Commission may be - whether the Commission will support Legislation, initiated by nonprofits. The answer is an emphatic YES. In RCW 9.46.090, under section (4), "...the Gambling Commission may periodically come before the legislature to talk about the type and the amount of tax that ought to be applied to each type of permitted gambling activity." Under section (5), "...any changes which may be made to the law of this state which furthers the purpose and policies set forth in RCW 9.46.010 as now or hereafter amended." He said the Commission has every right to endorse legislation and the WCCGA hopes to convince the Commission of that today.

Mr. Kaufman said page 4 of the packet shows that the nonprofit organizations are heavily taxed. One line that was left out is that the nonprofit organizations are not currently having to pay federal unemployment tax which is a very small tax. Nonprofit organizations are obligated to pay every other tax of every other business with the exception that they do not pay income tax on the bingo operation.

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Nonprofits do have to pay income tax on pull tabs and kitchen if there is a net profit. The tax that nonprofit organizations are paying on bingo and pull tabs far exceeds what we would be paying if we were a profit making entity.

Four of the licensees have volunteered some information that Mr. Kaufman believes is fairly impressive as to the amount of taxes being paid in the state and community. Big Brothers and Sisters in Spokane paid \$471,851 in taxes, licenses, and permits in 1994. The Imperials paid \$275,206, Spokane Youth Sports paid \$261,064 and Big Brothers of King County paid \$336,937. These amount to between 15 and 18 percent of gross profit. When it came down to net, they range from 48 percent of dollars to the charity up to 99 percent.

The next example on page 6 is comparing Big Brothers and Sisters of Spokane to "XYZ widget company." "XYZ" wouldn't have paid any gambling tax so the gambling tax was added back into their bottom line so their bottom line was \$977,709 but they had a tax burden of 20 percent of that to the federal government. Big Brothers and Sisters had gambling tax of \$291,541 while the income tax to the widget company was \$195,542, so Big Brothers and Sisters of Spokane paid almost \$100,000 more in taxes than "XYZ" would have paid. The gambling taxes should not be any higher than the federal income tax structure in this state.

The next page is a comparison to tribal compacts. He said bingo games and pull tabs on tribal lands are not paying any taxes at this time. The compacts that Director Miller has negotiated have a two percent fee on net. Comparing the four licensees that have given this information, it is clear that the Big Brothers of Spokane is spending about \$272,000 more in taxes than a comparable casino, the Imperials spent \$202,000 more for comparable size casino, SYSA paid \$153,000 more, and Big Brothers of King County paid \$205,000 more than a comparable casino.

Mr. Kaufman said bingo taxes are 10 percent of gross profit, which is taxed on dollars after payout. He said they feel that although it is too high a rate, it is at least a reasonable tax. Depending on the payout structure, and it varies between 3.2 percent and 3.5 percent of gross, pull tabs are five percent of absolute gross, which they feel is a pretty unfair tax. The problem is that pull tabs and punchboards are being taxed on gross receipts. This was established primarily because of the stimulant aspects of pull tabs; however, proper recognition wasn't given to the fund raising aspects for nonprofits. Likewise, the stimulant licensees now have minimum stimulant requirements and they do need the net income from punchboards and pull tabs to remain in business today. This detailed information is on the back. For one month of operation from the four licensees that volunteered this information; losses on pull tabs ranged from 4.2 percent to 31 percent. This amounts to the licensees losing between \$16,000 and \$59,000 in actual bottom line losses. The taxes being paid range from \$4,100 to \$9,400.

Page 10 is the WCCGA's proposal, which puts the tax the same as bingo. This chart shows if pull tab taxes were different and they were put on the gross profit, the tax would be on the dollars actually being deposited into their bank accounts. There would be similar savings across-the-board. These are charitable dollars that are going to go back into the community. The pull tab tax is not a value-added tax, nor is it a sales tax. It comes from gross sales, which are fixed. Everyone is faced with the excise tax already on pull tabs.

Paying more taxes than similar for-profit businesses is not fair. Paying taxes on losses is not fair. Losing

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revenues to tribal gaming while they only pay two percent of net on casinos and zero percent on bingo and pull tabs is not fair. The WCCGA has formulated a legislative bill to revise RCW 9.46.110 to make the pull tab tax the same as bingo. This legislation does not level the playing field for tribal games, it does not bring the taxes down to a level that speaks to the appropriateness for nonprofits that serve the communities of Washington State, but what it does do is put fairness back into the tax and if at full tax, will reduce the pull tab taxes between 30 and 40 percent. In supporting this legislation the Commission would help fulfill the legislative task force's recommendations. Most nonprofits will raise more money from the same operation, which makes them more efficient. The House Bills have been inserted in the documents in the back on the addendum - the House Bill is now 1826 and the Senate Bill is 5829.

Chairman Tull thanked Mr. Kaufman for the excellent presentation. **Chairman Tull** asked if the legislation had been shared with staff previously. **Mr. Kaufman** answered yes. He said the problem is one of timing; all the bills have to be out before the next Commission meeting. Both bills have been filed and should come up for a hearing next week. **Director Miller** said these particular bills reduce taxes. He said tribes pay two percent of the net win, not the net income, which is vastly different. The bill has no impact on the Commission; fees stay the same. Staff has no objection to this legislation. **Director Miller** pointed out there are two other bills that are similar by the commercial industry that reduce taxes to a lower percentage if they are within so many miles of an Indian casino. The Licensed Beverage Association suggested that if the Commission makes a statement on one, they need to make a statement on both.

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UNFINISHED BUSINESS

Chairman Tull asked for Director Miller's view on the amendatory language for the card room petition.

Director Miller said the language staff proposes for WAC 230-40-400 -- Hours limited for card games: "Licensees shall not allow use of their premises for card playing between the hours of 2:00 a.m. and 6:00 a.m. Provided, a licensee may extend hours of operation up to 4:00 a.m. upon application to the Commission and so long as no objection is raised by a local law enforcement entity. In any event, a licensee must observe a four-hour period of closure before beginning the next period of operation."

Sergeant John Lindner, King County Police Department, said he and his colleagues looked this over and they don't think there's a problem with enforcement on their part. One of the benefits may be that it would have an effect on the "sneak" games that occur at 2:00 a.m.

Chairman Tull said if this is passed, then during the next 30 days or so until the next Commission meeting, licensees could apply to the Commission to adjust their hours and the Commission staff would determine whether they would make their own phone calls to local law enforcement. During that same time period, the rest of this issue could be flushed out. If staff comes back with problems, the petition could be un-filed. This is not a long term commitment if it doesn't work out. After hearing how much gambling taxes the licensee spoke about paying, the Commission is actually helping that municipality, at least temporarily, to protect that revenue stream. There is no serious likelihood, initially, that there would be a law enforcement problem.

Chairman Tull said he accepts the language Director Miller read, and he moved to accept this amendment to Commissioner Heavey's previous motion; **Commissioner Mosbarger** seconded the motion. **Commissioner Heavey** asked if that means card rooms can begin applying to stay open these hours tomorrow; **Mr. McCoy** said they would have to wait until the rule has been filed with the Code Reviser and actually published, which takes approximately one week.

Mr. Davis asked if they would have to apply or would just have to give notification; **Director Miller** added the language that they may extend their hours "...with the consent of the director..." He said if there are some card rooms that are currently having problems, it is important to have discretion.

Mr. Davis asked what the timeframe will be on application processing; **Director Miller** said the rule must be filed first, and once the application is received by the Commission, staff will have to notify local law enforcement and make sure there's no objection, so this could take two to three weeks from now, if all goes well.

Chairman Tull deemed the motion amended as indicated by Director Miller. **Commissioner Heavey** said he is reluctant to make this change so quickly and without considering the full implications of what is being done by changing hours. He said local law enforcement should have a chance to look at the implications fully. He said he has no problem with holding this over the next 30 days to the March meeting. He said he has no philosophical objections to this but he does not think the card rooms are going out of business tomorrow if this is not passed immediately. **Chairman Tull** said the Commission has been extremely cooperative in terms of implementation timing with compacted tribes in reflection of their extreme cooperativeness and the special nature of those relationships. In this particular situation, it is still within Director Miller's discretion to grant a particular hour change request. He

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personally is very comfortable with taking this action today and if any problems surface, the petition would disappear in March. He said it's very unlikely there will be problems.

Director Miller said the Gambling Commission is the primary regulatory body out there on this issue. By contacting local law enforcement as staff has always done, we can see what law enforcement have in the way of staffing in the area and other problems they may be dealing with in the area. If law enforcement objects, there will not be an extension of hours.

Commissioner Heavey clarified that this action is not taken to force the director to approve applications unless he thinks he should. The Commission is not saying this is something the director must do but should take the time necessary to adequately address the issues that may be involved in terms of enforcement by the local police, etc. **Chairman Tull** concurred with Commissioner Heavey's remarks and said the director has a significant amount of discretion given to him by the Commission and that will continue, particularly during an emergency period.

Chairman Tull stated the motion to adopt an emergency rule with the provisions that have been read and slightly revised by Director Miller over the last few minutes; **Commissioner Heavey** accepted the motion as stated by Chairman Tull; motion carried with three aye votes; **Commissioner Graham** voted against the passage of this emergency rule change. **Chairman Tull** said this required and received three aye votes and is passed.

Chairman Tull said he is comfortable with recommending the passage of the legislation as explained by Mr. Kaufman.

Commissioner Heavey said he has no problem with the suggestion by Chairman Tull. **Commissioner Mosbarger** agreed that she has no problem with the suggestion and that information may be provided to the Legislature. **Chairman Tull** moved that a letter in concert with the Director be authorized in support of legislation with the concurrence of the other commissioners. **Director Miller** said that one point to keep in mind is given the increase in competition of the gambling dollar and given the task force especially, the Commission needs to look at ways to make it more profitable. **Chairman Tull** noted that, give the activities of the various licensees, it makes him wonder if there shouldn't be a substantial reduction. **Director Miller** asked if this would apply to the other legislation. **Chairman Tull** answered only for the nonprofit organizations at this time. Vote taken, motion carried.

He called for an executive session, provided that Commissioner Mosbarger is able to return in a few moments. (No executive session was held)

NOTE: THESE PRINTED MINUTES PLUS THE TAPES CONSTITUTE THE FULL MINUTES.

Susan D. Green
Executive Assistant

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WASHINGTON STATE GAMBLING COMMISSION

MINUTES COMMISSION MEETING THURSDAY, MARCH 9, 1995

Chairman Tull called the meeting to order at 1:35 p.m. at the Sheraton Hotel, Tacoma, Washington.

MEMBERS PRESENT: **ROBERT M. TULL, Chairman; WANDA MOSBARGER, Vice Chair (via speaker phone); PATRICK GRAHAM; and EDWARD HEAVEY.**

OTHERS PRESENT: **FRANK L. MILLER, Director; BEN BISHOP, Deputy Director; CARRIE SUTHERLAND, Special Assistant, Public Affairs; SHARON TOLTON, Assistant Director, Special Operations; SHERRI WINSLOW, Assistant Director, Field Operations; JONATHAN McCOY, Assistant Attorney General; TINA GRIFFIN, Investigative Audit Unit; PATTI NORMAN-COLE, Rules Coordinator; and SUSAN GREEN, Executive Assistant.**

Chairman Tull said there will be no action taken on any licensing matter until Commissioner Heavey arrives. Reports that need no action will be heard first.

REVIEW OF FRIDAY'S AGENDA

Ms. Sutherland said there is a change on the agenda; one of the default hearings (Matthew Moore CR 94-1123) has been cancelled. Tomorrow there is a special review of CAYA, which was requested by the Commissioners. There are a total of 25 rules up for final action on the agenda; three have to do with the treasurer's petition; however, there will be another rule accompanying the petition, which is on the addendum, and deals with the agency being reimbursed for costs. There are six rules up for final action having to do with the licensing of gambling managers, there are nine rules up for final action having to do with commercial stimulant rules pursuant to the legislative change last year and there are six rules up for final action having to do with raffles and changes to raffle procedures. One housekeeping change is up for final action tomorrow. For discussion, there are some housekeeping changes and the Recreational Gaming Association's petition that was filed as an emergency at the last Commission meeting. For possible filing there are a number of housekeeping changes that are simply typographical errors. There are also three rules on the licensing of manufacturers or issuing of sales permits. There are addendums to the agenda; one is a cost rule relating to the taxing authorities petition and one is an amendment to a raffle rule, which is item 6(b). There is also a rule prepared by staff for emergency regarding setting forth the process for going from Phase I to Phase II as described in the tribal-state compacts. **Director Miller** said staff is requesting a new section of the WAC rules manual for tribal gaming regulation. He said

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this is a sound way to go through the procedural requirements, and will result in a Class III section in the WAC Rule Manual. Staff is starting the review process with the tribes and it is possible there could be some proposals next month. The other emergency rule deals with licensing of manufacturers. This rule would require a permit for some types of manufacturing, which would make a much less difficult process than having to obtain a manufacturing license.

Chairman Tull announced that copies of the addenda proposed rules would be available tomorrow for anyone who would like a copy.

STAFF REPORTS

TRIBAL GAMING IMPLEMENTATION

Ms. Tolton gave an update on the tribal casino openings. Currently, there are four casinos open; Jamestown is the most recent and opened in February. All four casinos are at Phase I as far as scope. Chehalis and the Muckleshoot Tribes anticipate they will open their facilities around May 1, 1995. Following that, Upper Skagit and Squaxin Island are projecting opening around November 1, 1995.

TRIBAL GAMING INITIATIVE

Director Miller said that three Indian tribes have filed an initiative. This initiative as filed reduces the 55 page compacts down to six pages. It would allow these tribes to have unlimited casino gambling; no limit on number or size of facilities, wagering limits, types of games, or credit. He said it is of great concern that this action would make the state of Washington the third largest gambling state in the nation with little to no state involvement in the regulation. In addition to having no limits, it also takes the state of Washington out of regulation completely. There are statements in the initiative that the state would have a role to do backgrounds but it's a very minor role; there is no veto authority, the Gambling Commission or whoever the Governor designates would have to give 12 hours notice to go to any place that isn't open to the public. It also requires a 48 hour notice to copy any document. In reality, what this would be is wide open, unregulated gaming. What makes this a unique proposal is the fact that in exchange for voting in this next general session, there would be a rebate from the slot machine revenues back to the voters. It is an initiative, which means they have to collect 220,000 for it to go on the ballot. The staff has been receiving quite a few calls.

Commissioner Graham asked about the Puyallup request that their operation be grandfathered. **Director Miller** said that issue is presently before the National Indian Gaming Commission and that no decision is a good decision at this point. **Commissioner Graham** asked about the suit presently in federal court on the slot machines being operated in the state. **Director Miller** responded that the first suit in Spokane is a result of an injunction and is stayed pending the appeal to the ninth circuit. The Rumsey case decision said that states only negotiate those activities that are authorized in that state, and there is a motion for reconsideration that is still pending. If that is upheld and the Court does not change its position, hopefully, there will be some action in Eastern Washington. There is one other lawsuit, the 11th Amendment case that the Supreme Court has decided to take in which the Spokane Tribe is alleging the state has negotiated in bad faith. The defense is that the state of Washington is a sovereign nation and

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therefore cannot be sued absent consent to suit. A decision should be made in early 1996.

Director Miller said tentative agreements have been reached with three additional tribes: the Nisqually Tribe, the Skokomish Tribe and the Hoh Tribe. Amendments have been reached with the Muckleshoot and Lower Elwha tribes. There may be a need for a special meeting of the Gambling Commission in late April or early May. The Nisqually meeting could be held in Olympia, but the Hoh Tribe is located in Forks. The Quileute Tribe apparently has resubmitted their compact and the Secretary of the Interior, which has approved the Compact. The Quileutes are now asking for an amendment like the other tribes. This would bring the total to 15 compacts. **Chairman Tull** asked what kind of local support had been received in the Forks area. **Director Miller** said there will be a local caucus meeting soon. There were some discussions early on with the Lower Elwha when those compacts came forward. The only concern regarding the Hoh compact so far was the community contribution aspect; to make sure that the proper portion was given to the city.

LEGISLATIVE UPDATE

Director Miller said there were quite a few bills relating to gambling that were introduced into the Legislature this year. The ones remaining include HB 1447, which would reduce taxes for those licensed gambling establishments that are within 50 miles of a tribal casino. It is still in the House; the companion bill in the Senate has died. HB 1562, relating to fund raising events, is sponsored by the private clubs of this state and proposed by Commissioner Graham, did pass the House yesterday. The bill, which would amend the law to allow for four events per year, make up to \$30,000, and have five paid helpers. The raffle bill would raise the maximum price of raffle tickets to \$25. There is some thought of adding a provision to give the Commission the authority to go beyond that. An example would be if an organization wanted to raffle off a house, they could sell fewer tickets at \$100 each and the Commission would have the ability to come forward and make the decision as to whether the organization could do this. It appears to have some good support. The charitable tax bill that was discussed at the last meeting died. **Director Miller** said there was a lot of input received regarding Chairman Tull's letter to the Legislature on the taxing issue.

CARD ROOM HOURS

Ms. Bishop said there are a total of 113 licensed card rooms in the state and 30 have requested the alternative hours so far. He said staff mailed a letter to local law enforcement requesting comments within 10 days; only two comments have been received. San Juan County Sheriff's Office objected, as did Kennewick's Chief of Police, who is opposed to any increase that would go toward funding gambling enterprises. Kennewick is very opposed to any increase in gambling. Tomorrow is the deadline for the ten-day comment period. Other areas that will be taken in account prior to final approval will be Commission staff recommendations as far as any cases pending and compliance problems that are on-going as well as input from any other state or local agency. He said four of the groups that requested staying open the new hours have not turned in their last quarterly activity reports.

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Chairman Tull called for a recess in order to give more time for Commissioner Heavey to arrive or to hook up a speaker phone for Commissioner Mosbarger.

***** R E C E S S *****

Chairman Tull said that Commissioner Mosbarger is in attendance via speaker phone now.

LICENSE APPROVALS

NEW LICENSES, CHANGES, WITHDRAWALS, and TRIBAL CERTIFICATIONS

Commissioner Tull moved for approval of the list as printed; **Commissioner** Graham seconded the motion; motion carried with three aye votes..

PRE-LICENSING/CERTIFICATION SUMMARIES

THE BUD JONES COMPANY, INC., CLASS III SUPPLIER

Ms. Fischer said the company is located in Las Vegas, Nevada, and was started in 1965 by Bud Jones and his wife, Carolyn. It has been a family-owned and operated business since that time. It is currently owned by Bud Jones and his daughter, Kathleen Steel. The company manufactures casino dice, chips, and roulette wheels, and sells other items that are available through the company 's catalog. It holds licenses in Connecticut, Illinois, Iowa, Louisiana, Mississippi and New Jersey. Tribal licenses are also held in Arizona, Louisiana and North Dakota. Personal background investigations were completed on the company's officers and their spouses. Based on the investigation by Special Agent Tim McGuire, staff recommends certification of the Bud Jones Company as a distributor of gaming equipment in Washington State.

Chairman Tull moved for certification; **Commissioner Mosbarger** seconded the motion, motion carried with three aye votes.

SHANAYON INDUSTRIES, INC., MANUFACTURER

Ms. Fischer said the company is located in Norwalk, California, and was started in 1980 by it's owner, Christopher Nipp. The company manufactures roulette and Big-6 wheels primarily for sale to Paul-Son Card and Dice Company in Las Vegas, Nevada. The company is licensed in Iowa and Nevada, and checks with these regulatory agencies revealed no derogatory information. A complete personal background investigation was conducted on Mr. Nipp. Agent Elmer Holland conducted an investigation and, based on his investigation, staff recommends certification as a manufacturer of gaming equipment.

Chairman Tull moved for approval; **Commissioner Mosbarger** seconded the motion; motion carried with three aye votes.

HEARINGS

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Ms. Sutherland said Matthew Moore's case has been withdrawn.

Wallingbull III, George, Marysville
CR 94-1104; Class III Tribal Employee

Chairman Tull moved that the Commission approve the staff's recommendation for denial of the application of certification with his ability to reapply after August of 1995.

Ms. Sutherland stated that, as of August of 1995, Mr. Wallingbull's probation will have been served. **Commissioner Mosbarger** seconded the motion. Motion carried with three aye votes.

QUALIFICATION REVIEWS

BIG BROTHERS/BIG SISTERS OF TACOMA, Tacoma

Ms. Patti Norman-Cole introduced Ms. Sylvia Anderson, Executive Director of Big Brothers and Big Sisters of Tacoma, who made a presentation.

Ms. Anderson brought some of the board members with her. In the last year there have been changes in executive directorship, the bingo manager and the snack bar manager due to people moving on. They have experienced a decline in the bingo revenue because they are about five minutes away from the Bingo Palace (Puyallup Tribe); however, they have seen an increase in their fund raising. At the time of their last review, they had four employees making over \$30,000. They have decreased their staff and currently have two employees in that category. Staff has been reduced by one in the program and 1 1/2 administratively. More matches have been served this year even with the decrease in staff than has been served in the last five years. They have recently hired a fund raiser in the hopes of off-setting the decline in bingo revenues. She also addressed that they are showing a deficit in the snack bar revenue. They hope that will change with the new manager; if not, they will look into leasing the snack bar to curtail any losses.

((Commissioner Heavey arrived at this time))

Ms. Anderson introduced a board member who was a big brother for eight years. **Rob Ogburn** said his little brother recently graduated from high school, got his first job and is taking electronics through a Voc-tech school. He said he enjoyed what he got out of the match and hopes that his little brother got something positive from the match, too. He said he's only been on the Board a short time but feels that it is a very good program for both children and adults.

Ms. Anderson introduced Board President Jim Matthies, public relations officer for the Tacoma Police Department; Treasurer Ed Loughrey, with the Tacoma Police Department and an attorney; Marsha Longs, an insurance agent; Denise Newman, Vice President of U.S. Bank; Dan Foley, with Key Bank Insurance; Rob Ogborn, an operations supervisor; and Jim Self, with Seattle Health Department.

Chairman Tull said it is fascinating to see the variety of people who are on the boards of these organizations.

Ms. Norman-Cole said Big Brothers/Big Sisters is licensed for a class "K" bingo, class "K"

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punchboard and pull tabs, and class "A" amusement games. The organization served 395 clients last year; contributions total \$6,951, and staff recommends qualification as a charitable organization.

Commissioner Heavey apologized for being late. He said he recently spoke with Senator Wojohn regarding Big Brothers and Sisters and the impact of Indian gaming on the bingo operation. She had indicated to him there had been a substantial decline of income with the advent of the compacts with the tribes and their gaming activities. He asked whether this is accurate and, if so, to what extent.

Director Miller noted the handout packet included a section on tribal bingo in the Pierce County region. He said the Puyallup Tribe has had three to four operations in the area. In 1992, they opened their Bingo Palace. Gross receipts for Big Brothers and Big Sisters of Tacoma were \$3.2 million in 1992, \$3.4 million in 1993, and \$3.2 in 1994. It's gone down roughly eight percent overall in sales, so their claim could be legitimate. For all of Pierce County, the situation is similar. There has been a slight decrease in overall gross revenues.

Commissioner Heavey asked the organization what effect, if any, this has had on the groups' activities. **Ms. Anderson** said 1.5 administrative staff and one program staff have been eliminated. Overhead is primarily for staff to oversee matches. If bingo revenues continue to decline, they will be focusing on another activity, like the Bowl-A-Thon, to raise funds. **Mr. Bishop** said it is important to note that tribal bingo is a Class II activity and the Commission could not have done anything to avoid this problem. **Commissioner Heavey** asked if the IGRA covers any Class II gaming; **Director Miller** said that IGRA addresses Class II gaming, which is under the regulatory authority of the tribe and federal government only, with no state involvement. **Ms. Norman-Cole** reminded the Commission that the recommendation was to approve this group as a charitable organization.

Chairman Tull said the opportunity to speak to the board members helps the Commission get across the importance of the burden placed on board members to pay attention and recognize they are playing with fire when they undertake gambling, which must be kept under control. He said it is extremely important to keep on top of what is going on in the gambling operation because someday they will have to answer questions about the operation. He said that in the several years of Commission reviews, it has been a good reminder of the wonderful work of these organizations that benefit from gambling, which makes it even more worthwhile.

Commissioner Graham moved for qualification; **Commissioner Mosbarger** seconded the motion; motion carried with four aye votes.

PROGRAM REVIEW:

SEATTLE SKATING CLUB, Seattle

Ms. Norman-Cole said the next review is the Seattle Skating Club and **Special Agent Rick Swanson** will give the presentation. **Ms. Winslow** said this was a program review, which is slightly different than a formal review. Staff actually went to the organization and

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interviewed members.

Mr. Swanson, Special Agent working out of the Lynnwood office, said this is an athletic organization with a Class "M " bingo license, a Class "O " punchboard/pull tab license, and licenses for amusement games and raffles. They were first formed in 1937 and have been licensed since 1974. They are overseen by a board of 4 officers and 6 trustees. The voting membership consists primarily of the parents and children who skate with the Club. The primary purpose of this organization is to provide opportunities for skaters to participate in the sport of amateur figure skating. This is accomplished by buying ice time at the Olympic View Ice Arena, and then charging the members only a minimal fee to skate, and by reimbursing some of the costs incurred during a competition. They sponsor ice shows for their skaters, an awards banquet, and provide three scholarships yearly. One area reviewed was the independent management control structure to verify compliance with WAC 230-12-078. The review also ensured that gambling activities are closely supervised, that gambling proceeds are used solely to advance the purpose of the organization, that all assets are protected from mis-use and that the Board of Directors policies are implemented. One concern noted is that there was no real oversight of the bingo manager or operation by the Board. This was caused when the organization eliminated the position of executive director at the end of 1993. They have since created a finance committee and are working on developing procedures. Another area of concern was the organization reimbursing skaters for competition expenses. Although the organization has limited assurance that costs were actually incurred, no documentation was maintained. Commission staff has worked with the organization and they will submit a plan to ensure that proper documentation is kept in the future. Seattle Skating Club currently has two employees making over \$30,000. One is Carla Stanford, who is the primary bingo manager. Since she was hired in 1992 she has made their bingo hall one of the most profitable in the state. The second person is Bernard Ford, who is their training director. He is a five-time world champion ice dancer hired last October to help develop a strong winning program for the club. Based on the review, staff recommends qualification as an athletic organization for the purpose of conducting gambling.

Colleen Parke introduced the Board. She said she became involved with this group in 1977 and a lot has changed. For seven or eight years, the bingo operation didn't work out very well, but it began to improve in the eighth year. She said they recently formed a partnership with Seattle Junior Hockey to build an ice arena, which she said is possibly the best in the country. The executive director left in December of 1993 and they chose not to replace him yet, although she said they are aware of the importance of having someone in that position. They hired a consulting firm comprised of world and international figure skating professionals, who led them to their present director, Bernie Ford. Right now, they are working on expanding their program.

Ms. Parke said they have produced a brochure of their programs and is being mailed across the country to invite more kids into the skating program. They have 20-25 committees of volunteers who meet quite often to get the job done and bring suggestions back to the board. The newly-formed finance committee is working on getting a better handle on the bingo operation. The scholarship committee makes sure scholarships are

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given out fairly. They have session monitors who collect money from the skaters who come to take session. They disburse punch cards which are now used for skaters. Volunteers also judge skating events and don't even charge back their mileage, which under WSFSA rules they could do. Ballet classes were held in the ballet room last summer and will be held again. The sports therapy clinic, which has leased the weight room, is working on programs with them to make this affordable to the skaters. She said they are working on a process to better track the funds spent by skaters who go to competitions. There are only three competitions they reimburse for and these are called qualifying competitions; regional, sectional, and national, which advance the skaters to world class level.

VIDEO WAS SHOWN of skaters and coaches.
((Commissioner Mosbarger disconnected at this time)).

Ms. Parke said some of the Commission's agents (Rick Swanson, Bill Kesel and Kristi Tellefson) came out to the rink and saw skaters. **Director Miller** said that our agents are there to verify what the agency is being told; the agency is very proud of this organization.

Mr. Swanson said staff recommends approval as an athletic organization. **Commissioner Graham** moved for recertification; **Commissioner Heavey** seconded the motion; motion carried with three aye votes.

SPECIAL REPORT:

PUGET SOUND RUGBY EDUCATION FOUNDATION, Seattle

Ms. Norman-Cole said this group was before the Commission in October in Leavenworth, and at that time they were granted temporary certification. During that meeting, the Commission voiced concern regarding a \$155,000 net loss for the year that was reviewed. There has been a change in the Board and they also have a new bingo manager. Of the seven quarters the organization has run a bingo game, they have not been in compliance with prize payout or net income compliance.

Ben Allgood, Executive Director, said the Board's president is also a doctor who could not be present because he is working at the Fred Hutchinson Cancer Research Center. He introduced Vince Schmidt, the organization's treasurer and secretary for the organization who is also CEO and principal financial officer of R.W. Smith and Associates and a CPA by training, **Launa Hoy** is the bingo manager and in the short time she's been working with them has won the hearts and minds of the new Board as well as the players. **Nu Faala**, is a world-class rugby player and is the number four body builder/weight lifter in the world for Natural Athletes Strength Association. He trains without any drug enhancement. He spent over 500 hours this year alone talking to children and high school students regarding not using drugs.

Mr. Allgood said certain members of the rugby community and representatives of Dick Smith who is a major contributor to rugby discovered the bingo operation was in poor shape. They were in a long downward spiral in attendance and the relationship between the former bingo manager and staff was not good. In January 1995, he became involved

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as executive director. They needed a new board of directors and they now have three new members. They were directed by Patti Norman-Cole and Jacki Fischer, who were both extremely helpful. He said they have a problem with significant negative reaction in the community with the players as a result of the past-manager's behavior. He said in the last two weeks they have reconfigured the games, attendance is up 36 percent, and requested to be changed to a Class H game. Staff is going to recommend one step lower, but he disagrees with that because their approval rate is moving along well.

Mr. Allgood said they have more bookings and he feels they will increase. The snack bar problems were noted by the Commission staff a long time ago, and the snack bar has been reconfigured and is showing a profit. They are in the process of seeking a vendor who would provide a lease. The local retail and commercial neighbors are very pleased that their operation is there and is getting better. He said working with the Commission staff has been enlightening for him, and he has found high quality expertise in the people who have helped him with the bingo operation management, especially Ms. Norman-Cole and Ms. Fischer have been immensely helpful. He said outreach is a major part of their program; they have raised half a million dollars to fund many of these funds aside from the bingo. He said a team went to Bermuda and Mr. Smith paid for all food and lodging for the players.

Chairman Tull said he is pleased that there is positive news and that the group is taking some serious steps to improve.

Director Miller asked how long this organization is willing to keep losing money. **Mr. Allgood** said the President's Committee has met and he believes they will move into positive cash flow this month. The President's Committee is working toward total integration of all of the rugby activity in the Puget Sound area.

Director Miller said groups that lose a lot of money over a period of time have been suspended in the past. The Mountlake Terrace Lions Club was one such group. Now groups are downgraded to the level being performed. There are rules now that the Commission has to follow as a matter of law. **Mr. Allgood** asked if there was a mechanism for managing the process of the group exceeding the class "G" level. He believes they will exceed this in April or May. **Ms. Norman-Cole** said that staff is recommending downgrading two classes to a "G". **Mr. Bishop** said there was a rule passed that makes the downgrade automatic and there is no way to change that process unless they were to petition the Commission. He explained that, should they achieve the net return for the level above that for two consecutive quarters, they can ask for and receive above that level. Otherwise they have to come before the Commission and petition the Commission. The net return will be what Mr. Allgood needs to watch.

Commissioner Heavey asked what the relationship is between the Rugby Association and the bingo game. **Mr. Allgood** answered they were estranged brothers. The Board envisions a time when the bingo hall can also be used by the youth for activities other than bingo. **Commissioner Heavey** noted the minutes from PSRA's meetings; it refers to West Seattle Bingo. **Mr. Bishop** said the point is that West Seattle Bingo is Puget Sound Rugby Education Foundation's bingo game. The business name for it is West Seattle

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Bingo. **Commissioner Heavey** asked if the Commission is going to see attention paid to this bingo game on an on-going basis. **Mr. Allgood** answered that he felt within six months they would know whether to continue or not.

Commissioner Graham moved for temporary recertification as an athletic organization for six months only. **Director Miller** said they would be downgraded to a Class "G"; **Commissioner Heavey** seconded the motion with emphasis that it be for six months only. **Chairman Tull** said the six months is with the understanding that the class change will take place pursuant to the rule. Vote taken; motion carried with three aye votes.

Chairman Tull said the scheduled Follow-up review and the Group II reviews will be heard tomorrow due to a time problem. He called for a short recess.

***** RECESS *****

Petition for Review:

Preston, Michael, Seattle

CR 94-0064; Bingo Manager

((TO OBTAIN A TRANSCRIPT OF THIS PROCEEDING, CONTACT THE WSGC DIRECTOR'S OFFICE AT (306) 438-7640; THE DECISION AND ORDER WAS ANNOUNCE AT THE 3/10/95 MEETING))

Chairman Tull called for Executive Session and adjourned the public meeting.

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MINUTES COMMISSION MEETING FRIDAY, MARCH 10, 1995

Chairman Tull called the meeting to order at 10:10 a.m. at the Sheraton Hotel, Tacoma, Washington.

MEMBERS PRESENT: **ROBERT M. TULL, Chairman; PATRICK GRAHAM, and EDWARD HEAVEY.**

OTHERS PRESENT: **FRANK L. MILLER, Director; BEN BISHOP, Deputy Director; SHERRI WINSLOW, Assistant Director, Field Operations; SHARON TOLTON, Assistant Director, Special Operations; JONATHAN McCOY, Assistant Attorney General; CARRIE SUTHERLAND, Special Assistant, Public Affairs; PATRICIA NORMAN-COLE, Rules Coordinator; TINA GRIFFIN, Investigative Audit Unit; and SUSAN GREEN, Executive Assistant.**

Chairman Tull said the public portion of this meeting was convened a little late so that the commissioners could spend a few minutes working on an appeal. There are a few addenda to the published agenda, which were discussed yesterday; one is a proposed rule from staff regarding cost recovery in certain tax collection licensing matters, and one is a rule regarding a process for certain Phase II reviews in connection with Class III casinos that are operating through compacts with various Indian tribes throughout the state. He said there are a couple of reviews that had to be held over from yesterday; the Boys and Girls Club of King County and the Boys and Girls Club of Wallingford.

Director Miller requested an executive session today since there was not enough time yesterday. Discussion will include litigation and investigations.

APPROVAL OF THE MINUTES FROM THE FEBRUARY 9-10, 1995, MEETINGS

Commissioner Graham moved for acceptance of the minutes from the February 9-10, 1995, Commission meeting in Olympia, Washington, as set forth and printed in the agenda packet; **Commissioner Heavey** seconded the motion; motion carried.

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SPECIAL REPORT

Central Area Youth Association, Seattle Special Scope Audit

Tina Griffin gave a report on the special scope audit of CAYA. In March 1994, CAYA's Board of Directors contacted the Gambling Commission staff with many areas of concern they had regarding employees' misuse of the organization's assets. She said the audit, begun in April 1994, focused on these concerns. The findings of the audit are summarized in a report provided to the Commissioners, and the warning letter that was issued is also contained in that report. She said last month she went back to CAYA to see if the original findings had been corrected. With one exception, all violations have been materially resolved. The exception is a major area of concern; they have failed to develop a formal written internal control policy as required by WAC 230-12-078. She said it should be noted that the Board has made efforts to alleviate some of the related party conflicts. She introduced the Brenda Little, vice president of the Board.

Brenda Little said she is an attorney with Seattle School District and was previously with the Attorney General's Office where she represented three community colleges. She said anyone who has been in Washington state during the last year knows about their program. The main focus today is to answer some of the Gambling Commission's concerns and express some of the work they've done to alleviate the problems. At the time the CAYA Board approached the Gambling Commission, she was the treasurer and has a fair understanding of the internal controls and the financial outlook. She introduced the CAYA board members and staff present: Emory Bundy, who works for the Bullett Foundation, was the vice president at the time the Board approached the Gambling Commission and is now the treasurer-elect; Tony Ward-Smith, new chairman of the bingo commission, is a long-time board member who is also a small business owner; Mr. Brown, who has been on the CAYA Board for 25 years and recently retired from the Parks Department; Mr. Russell, who is the newest board member and works for the National Parks Department; and Mr. Little, a founding father of CAYA. **Ms. Little** introduced staff members, Mr. Lewis Clark, new executive director and Princeton graduate; Sandra Little-Berthe', deputy director; Gracie Miller, bingo manager, who was with the bingo operation when it was on the corner of 23rd and Union (she said the bingo game has improved financially under Ms. Miller's direction) and Shannon Hunter, assistant bingo manager.

Ms. Little said CAYA was founded 30 years ago with the primary purpose of helping to form the minds, bodies, and intellects of inner-city kids. She said they are especially

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proud of their tutoring program and they are closely aligned with the Seattle School District. They interface in terms of students, records and systems in identifying those students who really need help. The pivotal program is their sports program; she said she ran track and her brothers were also involved in the basketball program. They have the basic sports for guys, and they are trying to expand the sports program to include women. They hope to have women's soft ball and track. There is a cultural arts program, a teen parent program to keep the mothers in school and teach them parenting skills, and the Inner City Outings program that involves taking kids out to the wilderness. CAYA is a community-run organization with volunteer and board members who put in a lot of time, effort and care into the programs. She said they have been working vigorously with the Gambling Commission to change some of their past practices so they can come up to the 21st century. She said when Sandra Little-Berthe' first came to CAYA, they didn't have a computer or an accounting system. Now, more of the Board members have college degrees and know more about business standards. They are updating accounting procedures. She said that Director Miller has informed her that staff is recommending a provisional license, which is fine with CAYA. She introduced Tony Ward-Smith to help answer any questions of the Commission.

Director Miller said that the Gambling Commission appreciates the cooperation of CAYA and said this has been a long-term situation. The Commission staff has not had problems with CAYA's programs; the problems were with its bingo operation. The fundamental principles and objectives of the organization have always been truly beneficial to the community. They have made great strides in the bingo operation. The investigation resulted in a life-time ban of the former bingo manager from bingo in this state, a one-year revocation of the assistant bingo manager and a six-month suspension of another bingo manager who was also the executive director. The initial review found there were also some short-comings in the oversight by the Board and too much authority given to the executive director position. Since there was a commitment to change, the organization received a warning letter instead of penalizing the program. The follow-up review found compliance with virtually all of the concerns except for internal controls, which are quite important and is the reason Commission staff is recommending temporary certification. The internal controls are required to be submitted to the Commission in a timely fashion. Upon review and successful implementation of those internal controls, staff will come before the Commission to resolve the issue. **Mr. Bishop** said not only internal accounting controls, but also a management control system that internal accounting controls would be a part of.

Commissioner Heavey said his questions should not be viewed as hostile, but in the current political climate, those who provide services to the disadvantaged are being placed under a microscope; things that are acceptable in other activities of life are totally unacceptable within the operations of those that provide services for the disadvantaged.

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The Commission has a responsibility to be sure this organization is above reproach, even if that standard is unfair. He asked about the trip to Las Vegas, which was under particular scrutiny by the hearing examiner, and said that some of the same people who took the trip are in positions of great control now. He questioned the wisdom of placing individuals who came under particular criticism by the hearing examiner in the same role where they are in a position of approving expenditures, which is where that same type of misconduct could take place. He asked how he, as an individual commissioner, can be assured that those individuals are not going to engage in that same lax bookkeeping and same lax attitude that was the problem leading to the substantial criticism of an organization that has provided 30 years of outstanding service to the community. He said it would be very inappropriate that the programs could be hindered because of not responding to this criticism. It does not appear to him that CAYA has overreacted to the extent that it should have in light of the criticism and the fact that it is now being placed under a microscope.

Mr. Ward-Smith asked Commissioner Heavey whether he is asking about policies and programs or about specific individuals and a particular instance where a trip was taken by staff and management. **Commissioner Heavey** said he is not concerned about the trip; he is concerned about the people who are still with the organization and who were also present on that trip. **Mr. Ward-Smith** said some of the people organized that trip and eagerly went on the trip, and then some were asked to go along because of their responsibilities to the agency and to the bingo operation. The Board sorted the particulars of that situation and figured out what was right and what was wrong and got rid of the wrong and kept the right. The person who went on the trip is still an important person in the organization, and they strongly defend that person's abilities, performance, and ethical behaviors. That person was crucial in the organization coming to terms with the problems they had and in helping solve those problems, and is now helping to develop and manage the ongoing system of management solutions. With very good reason, he said they are willing and eager to count on that person.

Chairman Tull asked if, on that particular trip, the person was part of the problem or whether she prevented the problem. **Mr. Ward-Smith** said she did go along on the trip but made no decisions about the trip other than she was asked to go. **Chairman Tull** said the problem is not with the trip; the Commission understands the value conferences can provide. He said apparently no one on that trip found it necessary to question whether the group needed to be gone that long or if they needed to be doing the things they did. The absence of control is the essence of the problem. He said this group is not the first to come under scrutiny. He said it's unfortunate that a criminal activity was involved and he knows it has hurt CAYA in lots of ways. It hurts the cause of charitable fund raising throughout the state, which is the Commission's big concern right now. He concurred with Commissioner Heavey that it is less than clear that this issue has been addressed.

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Ms. Little said it is difficult to talk about the specific issue without talking about past practice. CAYA had past practices that would not pass the "sniff" test. When she came on the Board four years ago, she was appalled at the past practices, but it was difficult for the long-timers to hear from the new board members that their practices may not pass muster. The trip was taken annually for years and was never questioned. The Las Vegas trip is symbolic of Director Miller's concerns. The internal controls by the Board were so lax in the past that it allowed four people to go on a trip and charge alcohol to their rooms and use agency money for kids to go see the Cirque de Soleil.

Ms. Little said she was told when she was hired that this Las Vegas trip was a mandatory trip that the Gambling Commission told them to go on. When they came to Director Miller, he explained that wasn't true. She said she isn't disagreeing with the provisional license, because the Las Vegas trip symbolizes where they were, but looking at where they are now, she said no one will ever go to Las Vegas on CAYA's dime. Now every trip is scrutinized and all invoices are looked at. They are putting internal controls in place and taking responsibility for their actions. **Chairman Tull** asked if there has been any attempt to gain reimbursement for the expenses from the trip; **Ms. Little** said they have been taken for amounts of money here and there, and last month the Board authorized expenditures for general counsel, which will help them get reimbursement.

Commissioner Heavey said he doesn't see anything reflecting that they're tightening up to the degree that they ought to. He'd like to see evidence of overreacting, such as developing a code of conduct to address these particular issues. He said he is not interested in removing someone from a position; his concern is that this person took the trip and is still in the position they held at the time. He noted problems are still occurring with the accounting system, although to a much lesser degree. There are four or five instances out of 13 that indicate there is a lack of monetary control. Besides the code of conduct, they also need to make sure the financial controls are really tight so they won't face the problem of a very valuable organization coming under undue criticism. **Ms. Little** said she often tells the Board, in terms of the members personally, they were shielded, but if anything else happens, they won't be able to blame it on an over-zealous executive director or anyone but the Board. She's slowly and surely pushing for internal controls being put into place. **Commissioner Heavey** congratulated CAYA on 30 years of valuable service to the entire community and said service to their community is service to all.

Mr. Ward-Smith said the response to the problems has turned around the organization dramatically and the Board has become totally involved with the organization, including the bingo side, in a way that they weren't before. There is a new executive director and a new relationship between the Board and the executive director with new approaches and practices coming out of these relationships. They have outside auditors and CPA firms

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working for them. They have taken the everyday management of the financial affairs in-house full-time instead of on a part-time basis. When they look over the guidelines they were given to improve the bingo operation, the same guidelines apply to them in the overall and they have acted on them in that broader sense. He said although the organization has been in existence for 30 years, the bingo operation is only ten years old. He said he suggested shutting down the bingo operation when he came on the Board in 1988, but instead the Board changed it and opened the Aurora Bingo operation. He said the agency had a budget of \$200,000, at that time, to run youth programs and only ten percent came from bingo. Now agency has a budget of \$1.5 million for the programs they run and 52 percent of the program money comes from the bingo operation. They are optimistic because of everything they've been through and see these things as making them better performers.

Commissioner Heavey asked if the executive director plays any role in recruiting new board members; **Ms. Little** said there are two positions he can nominate people for, but it is completely up to the Board as to who can serve on the Board. She said Mr. Clark thought the Board was too saturated with community activist/volunteer types who didn't have expertise in running businesses.

Commissioner Heavey said he was involved in an organization where the founder dominated the Board and the organization was hers and not independent. When he became involved on the Board he was recruited by her, but they changed to where she had no right to recruit members for the Board because she was dominating the Board, which is his concern about CAYA. He said that under Gambling Commission rules, the Board must be independent. The executive director cannot play a principle role in the selection of the Board, because then it may be just a matter of time before they get into the same position to where the Board is dominated by the executive director instead of being independent. **Ms. Little** said that the experience with Mr. Preston was so unpleasant that now her greatest fear is that they may not be letting the executive director breathe. The executive director now has less power and less authority than Mr. Preston, did, and at this point in time, the Board is more comfortable with the arrangement.

Chairman Tull said that during the ten years he's served on the Commission, he's had his eyes opened to a number of things and has become increasingly committed to the idea that the history being reviewed shows there is an opportunity for disaster and the Commission has seen these situations result in disaster before. The Commission has made steady progress toward institutionalizing the types of controls that have always been known about but only occasionally implemented.. The signal Chairman Tull wanted to send to CAYA is that they came very close to no longer being a bingo licensee in this state had CAYA not impressed the Commission staff with its willingness to take massive

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and immediate corrective measures. He said the message has to go out to other licensees that this may have been the last warning to the bingo community in the state of Washington. That doesn't mean the Commission won't assist organizations that are in trouble. He said the only people who embezzle money from an organization are people who are trusted with the money.

Commissioner Heavey moved that the qualification be continued on a temporary basis for six months. **Commissioner Graham** seconded the motion. **Chairman Tull** said he is a little disturbed that it has taken as many months as it has to clear up all of the problems but the size of the organization is a factor. He thanked CAYA for the cooperation shown. All in favor; motion carried with three aye votes for temporary qualification.

Chairman Tull thanked Tina Griffin for a very good report; it was very clear and the general quality was very good.

ADOPT OR AMEND RULES TREASURERS' PETITION

Amendatory Section WAC 230-04-280 -- (~~Notification to law enforcement.~~) Licensees must notify law enforcement and local taxing authorities.

New Section WAC 230-04-405 -- Commission may seek reimbursement for costs incurred in pursuing license revocation for failure to pay gambling taxes.

Amendatory Section WAC 230-04-400 -- Denial, Suspension or Revocation of Licenses

Amendatory Section WAC 230-50-010 -- Adjudicated proceedings--Hearings

Ms. Sutherland said Item 3 is a petition by the Taxing Associations and there are three rules involved. This petition has been on the agenda for a number of months and Commission staff has worked with the Taxing Associations on the changes. One of the rules requires the licensee to notify the taxing authority when they receive a license or renewal. Another rule provides for the revocation of licenses for failure to pay taxes, and the third rule provides for the brief adjudicative proceeding procedure to be used in the revocation procedure. Also, the Commission discussed issues regarding to the cost to the agency and the Commission asked staff to bring forward a rule that might deal with that issue. She met with a number of the taxing authorities in February and created something that was felt all could agree on, which, is in the form of an addendum to the agenda and is up at this time for filing. It essentially states that when pursuit of taxes is begun, the Commission will attempt to get reimbursement for costs from the delinquent licensee out of a settlement. If the Commission is unable to get that reimbursement, the taxing authority will reimburse the Commission. When a case is referred to the Commission, it will be agreed at that point to be responsible for the costs. **Commissioner Graham** said it says, "...The Commission may seek to be reimbursed." He asked why it doesn't say, "...The Commission will be reimbursed." **Ms. Sutherland** said the rule says

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first what the Commission will try to do is seek reimbursement from the licensee. If the Commission is unable to do that, then the Commission will seek reimbursement from the taxing authority. **Commissioner Graham** said all through the rule it says the Commission will seek reimbursement. **Ms Sutherland** said it was the intent of the rule. The reference to "in part" was if, perhaps, the licensee had paid a portion of the Commission's costs and then defaulted, the Commission could seek the remainder of the costs from the taxing authority. **Commissioner Graham** said he didn't want the Commission to be in a position where if the taxing authority loses, the Commission loses too.

Commissioner Heavey said he has a problem with this approach because it provides that someone has the right to petition the Commission for revocation of a license based on actual or perceived violation of the law. He has a problem with conditional exercise of authority. **Director Miller** said the intent was that if the county came forward for help, they would sign a contractual agreement that costs would be reimbursed. If that were not the case, the Commission probably wouldn't take on any more cases. **Chairman Tull** said Commissioner Heavey has a good point that could be remedied by adding language. **Director Miller** said the difficulty would be in anticipating the costs. The other thing would be if the Commission has to go through a hearing after the charges are filed, the costs would increase. The approach taken was more of recouping costs after the fact. **Commissioner Heavey** said the other way it could be done would be a filing fee which would be at the conclusion of the proceedings. He has a real concern about the rule saying the Commission will do something if the taxing authority does something. **Director Miller** said the Commission has not done this before; it is a service the Commission is providing for the counties. One of the dilemmas on this is that the Commission has always taken cases when the city has received a judgment. The Commission has always had the ability to assess a fine. What this rule does is give the Commission the ability to recover costs in the event the Commission is not able to from a licensed entity. He also said he isn't sure the cities can collect fines on the Commission's behalf. The cities have no licensing authority. **Chairman Tull** said this is a very complex issue.

Director Miller suggested that if the Commission cannot go forward with this today, that they may just vote no instead so the agenda can be relieved for next month. **Chairman Tull** said this should not be rushed. He asked if this new section could be filed and continue the other package. **Director Miller** asked if the concern is the procedure or the legality; **Commissioner Heavey** said his concern is legality and suggested that the language be amended to the first sentence be left as is and then the local taxing authority, "...shall reimburse the Commission for costs incurred." He said he has a problem with continuing this again and with the time the treasurers are having to spend coming to the meetings. **Director Miller** said the Commission does go after delinquent tax payers such as the case in King County. This would have been a good example that

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the Commission should have gotten some of the investigation monies back. The Commission does currently assist, it's just not done until the taxing authorities take the first step.

Commissioner Heavey seconded Chairman Tull's motion to file the proposed new section and to continue the rest of this section; vote taken, motion carried with three aye votes.

LICENSING OF GAMBLING MANAGERS

Amendatory Section WAC 230-02-240 -- Commercial gambling manager defined.

Amendatory Section WAC 230-02-418 -- ~~((Bingo))~~ Charitable or nonprofit gambling manager defined.

Amendatory Section WAC 230-04-145 -- Licensing of charitable or nonprofit gambling managers ~~((of bingo games))~~ -- Application procedures.

Amendatory Section WAC 230-04-147 -- Notification to the commission upon beginning, terminating, or changing responsibilities ~~((as bingo game))~~ of charitable or nonprofit gambling managers.

New Section WAC 230-12-079 -- Duties and responsibilities of charitable or nonprofit gambling manager.

Amendatory Section WAC 230-30-070 -- Regulation of manager, operators, and other employees -- Charitable or nonprofit organizations.

Ms. Sutherland said these are rule changes up for possible final action today. They provide for the licensing of executive directors or those people with the highest level of authority over the gambling activity and the funds earned and disbursed. Staff recommends final adoption. **Chairman Tull** said this is an opportunity for public testimony and asked if anyone wished to be heard.

Jim Williams said he is confused about the license for the charitable nonprofit organizations. He said the rule states that a charitable or nonprofit manager is one who oversees any gambling activity. He said he doesn't see an exemption for any license classes. He said organizations holding raffles would be required to obtain permission.

Director Miller said the purpose is to define what a gambling manager is and what the duties and responsibilities are for of that position. Someone should be responsible for the gambling operation.

Mr. Williams asked how he gains the Commission's permission if he wants to manage a raffle. **Mr. Bishop** said the same way that it is currently done. On the application to run that activity it requires the name of the manager and certain information for the background to be done on this person. This is part of the license approval process currently for the activity. There is a separate license for higher level activity for those

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people. The rule summary should have said this affects all licenses in this particular case. **Director Miller** said there is a packet put out by the Commission for the licensees. He said Mr. Williams has raised a very valid point. The Commission doesn't know all the unlicensed activities out there and yet the licensees are still required to maintain certain records under state law. The intent was not to burden the small operations and he thinks the language works.

Mr. Bishop said that in the preamble, "each charitable," etc., etc., "licensed to conduct gambling activities shall designate..." It does not apply to unlicensed activities.

Chairman Tull said the syntax in 145 is still unclear. He said the responses were helpful. "Managers responsible for the following functions shall be licensed." Then it lists a primary manager. He asked if "Manager" is a person or a function. They discussed clarifications and the solution discussed was to remove the word "function" and say "the following gambling managers." **Director Miller** suggested "primary" manager be taken out and to say "for class D and above bingo games." He asked Mr. Bishop if this would work. **Mr. Bishop** said yes.

Commissioner Heavey suggested saying "the following individuals of charitable or nonprofit organizations shall be designated as gambling managers and shall be licensed by the Commission." **Mr. Bishop** said he thought that would work and could certainly see what the Commissioners were talking about.

Chairman Tull said this should be readable and understandable by the licensee community. He continued this rule until the April meeting.

COMMERCIAL STIMULANT RULES

Amendatory Section WAC 230-02-350, Commercial stimulant defined.

Amendatory Section WAC 230-02-360, Licensed premises defined.

Amendatory Section WAC 230-02-370, Food and/or drink business defined

Amendatory Section WAC 230-02-380, Established business defined.

Amendatory Section WAC 230-04-080, Certain activities to be operated as a commercial stimulant only--Licensing of food and/or drink businesses.

Amendatory Section WAC 230-08-130, Quarterly activity reports by operators of social and public card rooms

Repealer WAC 230-02-125, Adjusted net gambling receipts

Repealer WAC 230-12-075, Commercial stimulant compliance

Ms. Sutherland said this is a group of rules that amend the commercial stimulant rules to comply with a 1994 Legislative change to RCW 9.46.0217. These have been discussed with licensees and essentially take the Commission's staff time away from measuring the

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food and drink sales against the gambling activity and allow staff to focus on other priorities. The primary concern of the Commission is simply whether a business is engaged in the sale of food and drink for on-premise consumption. This is up for possible final action today. **Director Miller** said the term now is "established business." This will be the test in the future, ensuring it's a legitimate, established business. **Commissioner Graham** moved to accept the rules in section five. **Commissioner Heavey** seconded the motion, motion carried with three aye votes. **Chairman Tull** said this is effective July 1 1995.

RAFFLE RULES

Amendatory Section WAC 230-02-183, Active member defined

Amendatory Section WAC 230-08-070, Raffle records

Amendatory Section WAC 230-12-040, No firearms as prizes--Exceptions

Amendatory Section WAC 230-20-300, Control of raffle prizes

Amendatory Section WAC 230-20-325, Manner of conducting a raffle

**New Section, WAC 230-20-335, Raffle conducted among members of an organization--
Procedures--Restrictions**

Ms. Sutherland said Item 6 A-F is also a package up for final action. These raffle rules have been proposed by staff in conjunction with a number of organizations that hold raffle licenses. This package essentially simplifies the record keeping requirements for raffles. There is an addendum to item 6 B in the handout packet and the change sets forth (on the second page of the rule) more details that must be provided to the Commission in a request to maintain the records in alternative location. Staff recommends final adoption of this package with the amendment.

Kevin Crum spoke on behalf of the Washington Charitable and Civic Gaming Association. He said the Association knows that currently the raffle ticket price is limited to \$5. They understand there is legislation that could change this and they have a concern regarding the age of the ticket sellers for raffle tickets with a value of \$5 or more. The Association would like these limited to persons 18 years of age and older. The concern is for the youth and the larger cash handling. **Chairman Tull** said that the rule currently says 18 years of age. The director must grant a waiver for ticket sellers under 18. **Director Miller** said the state has had youth selling raffle tickets for years. Youth cannot be involved in the management operation but youth do sell raffle tickets. The Commission has not had many complaints on this.

Chairman Tull asked what the statute says now about selling raffle tickets. **Director Miller** said that it doesn't. **Mr. Bishop** said it is only under the section on coin flipping or dice rolling that says they shall be 18 years old. **Chairman Tull** stated the Commission's current rule defines an active member using an 18 year old proviso. **Director Miller** said

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that these rules encompass years of experiences. The issue of who can sell could be a separate issue in the future.

Director Miller said the wildlife organizations that have worked with the Commission would like to see higher limits, and quite a few people are promoting raising the limit from five dollars. Right now, a book of 20 tickets is sold for \$5 each. The law requires a patron to buy one ticket only. The concern is, when the wager goes up, there is a danger to youth, because they will have to handle larger sums of money.

Rance Block, field director for the Rocky Mountain Elks, said he wants to be sure the issues of the rule changes they have been working with the Commission on are separate from the house bill and are handled separately. He said he appreciates the support of Commission staff in working out these rules.

Mr. Williams thanked Deputy Director Bishop for recognizing that members-only raffles need to be changed and for putting together those changes. In the future, he suggests the Commission look at some recordkeeping changes. He also suggested some new rules, i.e., that these raffles are only open for the attendees at that night's session, the raffles are a "must be present to win," the raffle tickets are not available until the individual gets through the door that evening, the attendees in most cases deposit their raffle tickets for the prize they want to attain, the winning tickets are drawn in front of all attendees, the winning tickets are verified in front of all attendees, and the attendees then see the individual who wins that prize.

Commissioner Heavey moved to adopt 6A-F; **Commissioner Graham** seconded the motion; motion carried with three aye votes.

HOUSEKEEPING CHANGES

Amendatory Section WAC 230-02-010 -- Washington state gambling commission -- Purpose and organization.

Ms. Sutherland said Item 7 is a housekeeping change up for final action and it just represents the current number of assistant directors on staff at the Gambling Commission. Staff recommends final adoption.

Commissioner Graham moved to adopt, **Commissioner Heavey** seconded the motion; motion carried.

Amendatory Section WAC 230-20-130 -- Operation of bingo upon retail business -- Conditions

Amendatory Section WAC 230-20-620 -- Amusement games -- Objects to be thrown to be

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uniform -- similar games not to use difference object unless designated

Ms. Sutherland said Item 8 A and B are simply housekeeping changes to correct typographical errors and they are up for further discussion.

CARD ROOM PETITION

Amendatory Section -- WAC 230-40-400 - Hours limited for card games

Ms. Sutherland stated that Item 9 was brought forward to the Commission last month as a petition by the Recreational Gaming Association and the Commission filed it as an emergency rule, which made it effective upon filing. The rule allows card rooms to change their closure period from between 2:00 a.m. and 6:00 a.m. to 4:00 and 8:00 a.m. if the director approves this and local law enforcement has no objection. Staff recommends further discussion. This will be on the agenda this month and next month.

Mr. Bishop said 31 card rooms requested using these new hours of the 113 total licensed card rooms. On February 28, 1995, the Commission mailed letters with a copy of the new rule to all of the sheriffs and police chiefs in Washington State. The letters included the licensed card rooms within their jurisdictions and asked them to comment whether these businesses had their approval to go forward with these hours. As of this morning, five responses were received from law enforcement; four were opposed, and one said they would not approve two particular card rooms. The criteria for allowing the change in hours would be primarily law enforcement input, Gambling Commission staff input, and any input the Commission might receive from other state or local authorities.

Commissioner Heavey said it says "...No objection is raised by a local enforcement entity." He asked if that means King County can object to a card room in another city being open until 4:00 a.m. **Director Miller** said the intent was to notify law enforcement in the area of the card room. **Commissioner Heavey** suggested changing the wording to "...local law enforcement entity having jurisdiction." **Chairman Tull** asked what that would mean if the prosecuting attorney had objections. **Director Miller** noted that the prosecuting attorneys were not contacted. **Mr. Bishop** said he felt Commissioner Heavey's suggestion would cover it. **Director Miller** said that it was the intent of the Commission to mirror this after the tribal gaming situation because that was the argument for extending the hours.

Rick Davis, Charlie Macks and the 21 Club, asked how many letters were mailed; **Mr. Bishop** said of the 113 card rooms, every law enforcement agency that had a card room in their jurisdiction was contacted; either the chief of police or the sheriff. **Mr. Davis** said he thought that four negative responses was not much. **Mr. Bishop** said that the letter stated if the Commission did not hear from the law enforcement entities, the Commission would assume they had no objections. **Director Miller** added the Commission planned to give

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conditional permission in writing, commencing next week. **Chairman Tull** asked about the procedural effects of the emergency rule. **Director Miller** said approval is to be granted with the discretion of the director.

Ms. Tolton said there may be additional costs for her division to monitor the hour changes. She has also been questioned by some law enforcement people; i.e., should the sheriff or chief of police change their position, could these people write to the Commission regarding their concerns and position. **Director Miller** said yes to both questions. **Commissioner Heavey** moved to amend this rule to say, "that has primary jurisdiction." **Chairman Tull** said it could be spelled out to say "local law enforcement entity," and it is an issue that should be addressed by staff. Motion denied due to no second. **George Teeny** asked about the question of the enforcement agents being concerned regarding two of the card rooms in the town. **Chairman Tull** said that question could be taken up with staff.

HOUSEKEEPING CHANGES

Amendatory Section WAC 230-04-075 - No license required for certain bingo, raffles, and amusement games.

Amendatory Section WAC 230-20-090 - Limits on compensation paid to members or employees.

Amendatory Section WAC 230-20-170 - Bingo operation date limitations

Amendatory Section WAC 230-20-190 - Bingo card prices

Amendatory Section WAC 230-20-220 - Operators shall not play

Amendatory Section WAC 230-25-070 - Fund raising events--Central accounting system required

Amendatory Section WAC 230-20-630 - Amusement games--Fees, rules, prizes and variations in objects to be posted--Fees to be paid in cash or scrip((¢))--Prizes not to differ from those posted

Amendatory Section WAC 230-25-055 - Use of chips, scrip((¢)) or similar items at fund raising event

Amendatory Section WAC 230-25-330 - Recreational gaming activity--Rules for play

Amendatory Section WAC 230-46-010 - Purpose

Ms. Sutherland said rules under Item 10 are up for discussion and possible filing. **Commissioner Heavey** moved for filing; **Commissioner Graham** seconded the motion; motion carried with three aye votes.

LICENSING OF MANUFACTURERS/SALES PERMITS

Amendatory Section WAC 230-04-110 - Licensing of Manufacturers

New Section WAC 230-04-115 - Licensing of manufacturers--Exceptions--Special sales permit

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Amendatory Section WAC 230-04-203 - Fee--Commercial stimulant and other business organizations

Ms. Sutherland said Item 11 A-C is a rules package proposed by staff. This package allows the director to grant a special sales permit that would allow manufacturers to sell to a distributor gambling equipment on a limited basis. The justification for this is when demand for equipment is relatively low and it is not economically feasible for the licensee or applicant to go through the process, or if the licensing process is really not necessary for the protection of the public. Staff recommends emergency filing of this package.

Commissioner Heavey moved for filing and adoption as an emergency; **Commissioner Graham** seconded the motion; motion carried.

ADDENDUM

WAC 230-48-010 Tribal-state compacts--Phase II commission review

Chairman Tull said that WAC 230-48-010 is a new section proposed by Staff. This rule provides tribal casinos a mechanism to increase wagering limits, wagering stations and hours of operation through a Phase II investigative review and Commission approval process. This rule was referred to yesterday and is available to everyone this morning.

Ms. Sutherland said the Commission has created a new section of WACs and this is the first of hopefully many WACs pertaining to tribal gaming. **Chairman Tull** said he has had numerous conversations with the director regarding the implementation of the more recent compact amendments and it was his recommendation that a process be identified and be approved by the Commission. His suggestion would ultimately approve Phase II review. He also noted there are a number who are eligible for consideration for going to Phase II. He said there are copies of the check list in the commissioner's packets.

Commissioner Heavey moved for adoption as an emergency rule with ongoing rule discussion; **Commissioner Graham** seconded the motion; motion carried with three aye votes. **Chairman Tull** said that a separate chapter is a good idea and more things will come up over time.

UNFINISHED BUSINESS **QUALIFICATION REVIEWS**

FOLLOW-UP REVIEW:

BOYS AND GIRLS CLUBS OF TACOMA PIERCE COUNTY

Ms. Norman-Cole said Boys and Girls Clubs of Tacoma Pierce County came before the Commission in January and at that time a review regarding their structure was

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requested. The staff has concluded that only the administrative group can conduct gambling. There are several other groups that are listed in the packet but under the this organization's present structure, only the primary organization can operate gambling. **Mr. Bishop** gave a brief overview of the previous structure of this organization and said in 1992 they changed their organization. Under the by-laws the members elect the officers. He said they will only be allowed one bingo game and two fund raising events. Staff has discussed this with them and they are aware of the new limitations. Qualification was temporary in January and recommendation by staff is to certify this group.

Commissioner Heavey moved for qualification; **Commissioner Graham** seconded the motion. Vote taken, motion carried with three aye votes.

GROUP II's

BOYS AND GIRLS CLUB OF KING COUNTY, Seattle

Ms. Norman-Cole said an analysis was done of Boys and Girls Club of King County and Boys and Girls Club of Wallingford because it was thought they were linked. However, it was found that these two organizations are separate.

Boys and Girls Club of King County is located in Seattle and is classified as a charitable organization. They are licensed for class "I" bingo and class "H" punchboard and pull tabs. The organization was first formed in 1943 and currently has 70 voting members. Program services have increased approximately six percent in providing programs to the youth of King County. Total number clients served was 14,100. Net gambling revenue totaled \$244,387; bingo net income was \$198,234. This organization spent \$3,939,834 in support of its stated purposes. Staff recommends qualification as a charitable organization for the purposes of conducting gambling in the state of Washington.

BOYS AND GIRLS CLUB OF WALLINGFORD, Seattle

Ms. Norman-Cole said Boys and Girls Club of Wallingford is also located in Seattle and is classified as a charitable organization as well. They are licensed for class "H" bingo and class "F" punchboard and pull tabs. This organization was first formed in 1948 and currently has 24 voting members. The organization maintains a full time administrative office in Seattle and also operates child care programs at various locations within the city. Clients served were: 1,100 boys and girls. Sponsorships totaled \$13,119, net gambling revenues were \$155,274, and bingo net income was \$125,765. This organization spent a total of \$367,863 in support of its stated purposes. The organization was able to expand its child care facility by adding another building in Lake City, which has enabled them to serve 16 more children each day at this day care facility. Staff recommends qualification as a charitable organization for purposes of conducting gambling in the state of Washington.

ATTACHMENT I

Commissioner Graham moved for qualification of both organizations; **Commissioner Heavey** seconded the motion, motion carried with three aye votes.

COMMENTS OF PUBLIC OR PUBLIC OFFICIALS

Anthony Passanate, Assistant Manager, Lakewood City Bingo, said his union was in the forefront in 1972 of getting gambling legalized in the state of Washington. He is appealing on his own behalf to the intent of gambling in the state and that it was intended for nonprofit. He asked the Commission to explore lowering the taxes on pull tabs to help the smaller bingo halls that may go out of business due to all the taxing on gambling.

Chairman Tull said it would be nice to receive the specific views of those who say the statutes of the state can be altered by the Commission, because the Commission is not aware of any option it has to lower taxes. **Mr. Passante** said he has worked with Commission staff and they have been nice to work with. **Chairman Tull** said the charities should get a hold of their legislators in every district throughout the state. **Director Miller** said Chairman Tull wrote a letter on behalf of the Commission to support a reduction in taxes. **Chairman Tull** said the meeting is adjourned and called for executive session. He asked Mr. McCoy whether the Commission can make a decision on the appeal and send out notification; **Mr. McCoy** said the decision must be announced in public session.

Chairman Tull said the Commission will convene in Executive Session after recessing for a few minutes. **Director Miller** said the executive session would be brief. **Chairman Tull** stated anyone wishing to hear the outcome of the appeal should wait.

*****RECESS*****

Chairman Tull reconvened the meeting after executive session. Regarding the Case Number 94-0064, he said he would summarize the first two parts, which were basically that the Commission adopted the Findings and Conclusions of Administrative Law Judge Heller. The Commission did reach a somewhat different final decision and order regarding sanction. He read, "It is clear from the record that Mr. Preston was both aware of and condoned misconduct of staff members under his direct supervision and control and personally participated in a pattern of misconduct which resulted in substantial inurements of CAYA gambling funds to his and his staff's benefit. Such behavior cannot be tolerated of a Gambling Commission licensee. Now, therefore, in accordance with the recommendation of the initial order, the license of Michael R. Preston is hereby suspended for a period of six months; the Commission notes that as a result of the application of WAC 230-04-145, paragraph 2(c), Mr. Preston's license has already expired by operation of law. No credit is therefore appropriate for the period of voluntary

ATTACHMENT I

suspension already served as a result of Mr. Preston's surrender of his license prior to the hearing of this matter. In order to give affect to this order, Mr. Preston is deemed ineligible for licensing from the Commission for a period of six months from the entry of this order. Following this period of ineligibility, Mr. Preston may again seek licensure but is still required to demonstrate his qualification for licensure in accordance with RCW 9.46 and WAC 230-04-400. Dated this 10th day of March" and it bears the signatures of the three Commissioners present. **Chairman Tull** said he was aware of no other business before the Commission this morning, meeting is adjourned.

Note: These printed minutes plus the tapes constitute the full minutes.

Susan D. Green
Executive Assistant

following the drawing: Provided, That this subsection shall not restrict commission staff or local law enforcement authorities from review of any required records prior to the allowed completion date; and

(6) Records shall be maintained at the main administrative or business office of the organization that is located within Washington state and available for commission review or audit upon request. Organizations that do not have an administrative or business office located within Washington state structured to include more than one chapter or other subdivided unit that conducts raffles under the parent organization's license, shall designate records custodians that reside in Washington state. Such custodians shall be responsible for retaining all original records and making such available for review or audit at any reasonable location within seven days of a request by commission staff. Provided, That the director may authorize an organization to maintain records at alternative locations if the organization has demonstrated the ability and desire to comply with all commission requirements. Records maintained under such an agreement shall be made available for commission review and audit at any designated location within seven days. The director may revoke this authority at any time by providing written notice. A request to maintain records at alternative locations shall include at least the following:

(a) The conditions that preclude or restrict compliance with normal records maintenance requirements of this subsection, including costs;

(b) The address of the location where all records will be maintained;

(c) If such records are retained outside the state of Washington, the name, address, and telephone number of a resident of the state of Washington who is authorized by the organization to accept a request for records;

(d) The name, address, and telephone number of a primary and alternate records custodian; and

(e) A notarized statement by the chief executive officer of the organization acknowledging responsibility for providing records and that failure to comply with a request for records within the allotted time may result in suspension or revocation of all licenses held by the organization.

WSR 95-07-094
PERMANENT RULES
GAMBLING COMMISSION

[Filed March 17, 1995, 3:36 p.m., effective July 1, 1995]

Date of Adoption: March 10, 1995.

Purpose: Packet of rules clarify commercial stimulant in accordance with amendments to RCW 9.46.0217. Net gambling receipts are no longer required to be less than gross food and drink sales.

Citation of Existing Rules Affected by this Order: Amending WAC 230-02-350, 230-02-360, 230-02-370, 230-02-380, 230-04-080, 230-08-130, and 230-08-160.

Statutory Authority for Adoption: RCW 9.46.070 and 9.46.0217.

Pursuant to notice filed as WSR 95-04-038 on January 25, 1995.

Effective Date of Rule: July 1, 1995.

March 17, 1995
Patricia Norman-Cole
Rules Coordinator

AMENDATORY SECTION (Amending Order 165, filed 3/16/87)

WAC 230-02-350 Commercial stimulant defined. "Commercial stimulant" means ~~((a))~~ a licensed gambling ~~((activities, when))~~ activity operated by an established food and/or drink business with the ~~((primary))~~ purpose of increasing the volume of food and/or drink sales for "on-premises" consumption. ~~((For purposes of chapter 9.46 RCW and these rules, gambling activities shall qualify as a commercial stimulant only when the combined "adjusted net gambling receipts" from punchboards, pull tabs, and public card rooms are less than the total "gross" sales from the food and/or drink business.))~~

AMENDATORY SECTION (Amending Order 161, filed 9/15/86, effective 1/1/87)

WAC 230-02-360 Licensed premises defined. "Licensed premises" means the physical building and property, upon which the licensed gambling activity occurs, as set out ~~((and approved))~~ on the license application and approved by the commission: Provided, That ~~((where))~~ when only a portion of a building is ~~((leased))~~ utilized for purposes of operating a food and/or drink business or for conducting gambling or related activities, only that portion set out in the ~~((lease document))~~ application on file with the commission, shall be considered the licensed premises~~((: Provided further, That when owners or holders of a substantial interest, of a food and/or drink business, licensed to conduct gambling activities, also operate additional and separate businesses in the same building or on the same property, only the gross sales from the licensed food and/or drink business, as set out and approved on the license application, shall be included for commercial stimulant purposes))~~.

AMENDATORY SECTION (Amending Order 161, filed 9/15/86, effective 1/1/87)

WAC 230-02-370 Food and/or drink business defined. "Food and/or drink business" means any business which is primarily engaged in the sale of food and/or drink items, to persons other than owners, employees, or substantial interest holders, for consumption on the licensed premises~~((: Provided, That for purposes of chapter 9.46 RCW and these rules, a business is determined to be primarily a "food and/or drink business" when the total gross sales of food and/or drink, for on premises consumption, is equal to or greater than all other combined nongambling gross sales, rentals, or other income producing activities which occur on the licensed premises. Provided further, That food and drink items furnished to employees, without their actually paying for it, shall be treated as sales only if:~~

- ~~(1) Detailed records are maintained;~~
- ~~(2) The sale is recorded at estimated cost or menu price, but not more than five dollars per meal; and~~
- ~~(3) No more than one meal per employee is recorded during any four hour work shift).~~

AMENDATORY SECTION (Amending Order 161, filed 9/15/86, effective 1/1/87)

WAC 230-02-380 Established business defined.

"Established business" means any business (~~(who)~~) that has applied for and received all licenses or permits required by any state or local jurisdictions and has been open to the public for a period of not less than ninety days: *Provided*, That the commission may grant "established" status to a business that:

- (1) Has completed all construction and is ready to conduct business;
- (2) Has obtained all required licenses and permits;
- (3) Provides the commission a planned operating schedule which includes estimated gross sales from each separate activity to be conducted on the proposed premises, including but not limited to the following:
 - (a) Food and/or drinks for on-premises consumption;
 - (b) Food and/or drinks "to go"; and
 - (c) All other business activities.
- (4) Passes an inspection by the commission.

AMENDATORY SECTION (Amending Order 23, filed 9/23/74)

WAC 230-04-080 Certain activities to be operated as a commercial stimulant only—Licensing of food and/or drink businesses.

The commission may issue a license to operate punchboards and pull tabs (~~(-)~~) or public card rooms (~~(- licensed for use as a commercial stimulant)~~) as commercial stimulants to any established business primarily engaged in the sale of food and/or drink items for consumption on the licensed premises. Such activities shall not be operated other than as a commercial stimulant. The following requirements apply to applicants for a license to use gambling activities to stimulate food and/or drink sales:

(1) For purposes of chapter 9.46 RCW and these rules, a business shall be presumed to be a "food and/or drink business" as defined by WAC 230-02-370 if:

(a) It is licensed by the liquor control board to sell alcohol beverages at retail to the public for on-premises consumption and:

- (i) It is a tavern that holds a valid Class "B" liquor license; or
- (ii) It is a restaurant with a cocktail lounge that holds a valid Class "H" liquor license.

(b) It sells food and/or drink items at retail to the public and:

(i) All food is prepared and served for consumption on the licensed premises: *Provided*, That food may be prepared at other locations and served on the premises if the food is:

- (A) Prepared by the licensed business; or
- (B) Purchased from caterers by the licensed business as a wholesale transaction and resold to customers at retail.

(ii) The total gross sales of food and/or drink, for on-premises consumption, is equal to or greater than all other combined nongambling gross sales, rentals, or other income producing activities which occur on the licensed premises when measured on an annual basis. Applicants seeking qualification for a license under this subsection shall submit data necessary to evaluate compliance with these requirements as a part of their application. For purposes of determining total gross sales of food and drink for on-

premises consumption, meals furnished to employees, free of charge, shall be treated as sales only if:

- (A) Detailed records are maintained;
- (B) The sale is recorded at estimated cost or menu price, but not more than five dollars per meal; and
- (C) No more than one meal per employee is recorded during any four-hour work shift.

(2) When an individual, partnership, or corporation operates two or more businesses within the same building or building complex and such businesses meet the requirements of subsection (1)(a) or (b) of this section, one of the businesses may be designated as a "food and/or drink business" if all of the following conditions are met:

(a) The business being stimulated is physically isolated from all other businesses by walls and doors that clearly demonstrate the business is separate from other business being transacted at that location;

(b) All business transactions conducted by the applicant business are separated from the transactions conducted by all other businesses:

(i) Legally in the form of a separate corporation or partnership; or

(ii) By physical separation of all sales and accounting functions, and the methods of separation are approved by the commission;

(c) All gambling activities are located and occur upon the licensed premises, as defined in the license application and approved by the commission; and

(d) All gambling activities occur only when the food and/or drink business is open for customer service.

AMENDATORY SECTION (Amending Order 251, filed 5/17/94, effective 7/1/94)

WAC 230-08-130 Quarterly activity reports by operators of punchboards and pull tabs. Each licensee for the operation of punchboards and pull tabs shall submit an activity report to the commission concerning the operation of the licensed activity and other matters set forth below:

(1) Reports shall be submitted detailing activities occurring during each of the following periods of the year:

- (a) January 1st through March 31st;
- (b) April 1st through June 30th;
- (c) July 1st through September 30th; and
- (d) October 1st through December 31st.

(2) A report shall be submitted for any period of time the activity was operated or a license was valid. If ~~((the licensee does not renew his license, then he shall file))~~ a license is not renewed, a report for the period between the previous report filed and the expiration date ~~((of his license))~~ shall be submitted;

(3) The report form shall be furnished by the commission and the completed report shall be received in the office of the commission or postmarked no later than ~~((30))~~ thirty days following the end of the period for which it is made~~((-))~~;

(4) The report shall be signed by the highest ranking executive officer or ~~((his))~~ their designee. If the report is prepared by someone other than the licensee or ~~((his))~~ an employee, ~~((the))~~ the preparer shall print his/her name and phone number on the report~~((-))~~;

ATTACHMENT K

WSR 95-06-011

Washington State Register, Issue 95-06

Purpose: Amendment will allow card room licensees to extend hours of operation to 4:00 a.m. with the consent of the director providing local law enforcement does not object.

Statutory Authority for Adoption: RCW 9.46.070.

Statute Being Implemented: Chapter 9.46 RCW.

Summary: New rule will allow card room licensees to extend hours of operation to 4:00 a.m. with the consent of the director providing local law enforcement does not object.

Name of Agency Personnel Responsible for Drafting: Patricia Norman-Cole, Rules Coordinator, Lacey, 438-7654 x 364; Implementation: Frank L. Miller, Director, Lacey, 438-7654 x 301; and Enforcement: Ben Bishop, Deputy Director, Lacey, 438-7654 x 369.

Name of Proponent: Recreational Gaming Association, Skyway Bowl, 11819 Renton Avenue South, Seattle, WA 98178, private.

Rule is not necessitated by federal law, federal or state court decision.

Explanation of Rule, its Purpose, and Anticipated Effects: Allow card room licensees to extend hours to 4:00 a.m.

Proposal Changes the Following Existing Rules: Allow card room licensees to extend hours from 2:00 a.m. to 4:00 a.m. with the consent of the director.

Has a Small Business Economic Impact Statement Been Prepared Under Chapter 19.85 RCW? No. The agency has considered whether these rule changes would create an economic impact on small businesses as defined in chapter 19.85 RCW. It has determined that there are no economic impacts to small business as a result of these proposals for the following reasons: No cost or expenditure of resources; no affect on industry; and no substantive change in existing regulatory scheme.

Hearing Location: Red Lion Inn, Yakima Valley, 1507 North 1st, Yakima, WA 98901, on April 14, 1995, at 10:00 a.m.

Assistance for Persons with Disabilities: Contact Patricia Norman-Cole by April 10, 1995, TDD (360) 438-7638, or (360) 438-7654 x 364.

Submit Written Comments to: Patricia Norman-Cole, Washington State Gambling Commission, P.O. Box 42400, Olympia, WA 98504-2400, FAX (360) 438-8652, by April 12, 1995.

Date of Intended Adoption: April 14, 1995.

February 16, 1995
Patricia Norman-Cole
Rules Coordinator

AMENDATORY SECTION (Amending Order 118, filed 1/22/82)

WAC 230-40-400 Hours limited for card games.
Licensees shall not allow the use of their premises for card playing between the hours of 2:00 a.m. and 6:00 a.m. Provided, a licensee may extend, with the consent of the Director, hours of operation up to 4:00 a.m. upon application to the Commission and so long as no objection is raised by a local law enforcement entity. In any event, a licensee must observe a four hour period of closure before beginning the next period of operation.

No card games shall be allowed in any public card room at any time the profit seeking retail business to be stimulated thereby is not open to the public for business.

At all times during the hours of operation of a Class E card room, the operator or a licensed card room employee must be on duty and in the licensed card room area.

WSR 95-06-012 PROPOSED RULES GAMBLING COMMISSION [Filed February 16, 1995, 4:13 p.m.]

Original Notice.

Title of Rule: WAC 230-02-125 Adjusted net gambling receipts defined; and 230-12-075 Commercial stimulant compliance.

Purpose: Net gambling receipts are no longer required to be less than gross food and drink sales. Definition of commercial stimulant compliance has been incorporated into WAC 230-04-080 allowing WAC 230-02-125 and 230-12-075 to be repealed.

Statutory Authority for Adoption: RCW 9.46.070 and 9.46.0217.

Statute Being Implemented: Chapter 9.46 RCW.

Summary: WAC 230-02-125 and 230-12-075 are being repealed due to changes in requirements and consolidation of commercial stimulant compliance definition into WAC 230-04-080.

Name of Agency Personnel Responsible for Drafting: Patricia Norman-Cole, Rules Coordinator, Lacey, 438-7654 x 364; Implementation: Frank L. Miller, Director, Lacey, 438-7654 x 301; and Enforcement: Ben Bishop, Deputy Director, Lacey, 438-7654 x 369.

Name of Proponent: [Gambling Commission], governmental.

Rule is not necessitated by federal law, federal or state court decision.

Explanation of Rule, its Purpose, and Anticipated Effects: Packet of amendments filed under WSR 95-04-038 will clarify commercial stimulant in accordance with amendments made to RCW 9.46.0217. Net gambling receipts will no longer be required to be less than gross food and drink sales which allows WAC 230-12-075 to be repealed. WAC 230-02-125 has been incorporated into WAC 230-04-080.

Proposal Changes the Following Existing Rules: Packet of amendments filed under WSR 95-04-038 will allow these two rules to be repealed.

Has a Small Business Economic Impact Statement Been Prepared Under Chapter 19.85 RCW? No. The agency has considered whether these rule changes would create an economic impact on small businesses as defined in chapter 19.85 RCW. It has determined that there are no economic impacts to small business as a result of these proposals for the following reasons: No cost or expenditure of resources; no affect on industry; and no substantive change in existing regulatory scheme.

Hearing Location: Red Lion Inn, Yakima Valley, 1507 North 1st, Yakima, WA 98901, on April 14, 1995, at 10:00 a.m.

PROPOSED

Assistance for Persons with Disabilities: Contact Patricia Norman-Cole by April 10, 1995, TDD (360) 438-7638, or (360) 438-7654 x 364.

Submit Written Comments to: Patricia Norman-Cole, Washington State Gambling Commission, P.O. Box 42400, Olympia, WA 98504-2400, FAX (360) 438-8652, by April 12, 1995.

Date of Intended Adoption: April 14, 1995.

February 16, 1995
Patricia Norman-Cole
Rules Coordinator

REPEALER

The following section of the Washington Administrative Code is repealed:

WAC 230-02-125 Adjusted net gambling receipts defined.

REPEALER

The following section of the Washington Administrative Code is repealed:

WAC 230-12-075 Commercial stimulant compliance.

WSR 95-06-013 PROPOSED RULES GAMBLING COMMISSION [Filed February 16, 1995, 4:20 p.m.]

Continuance of WSR 95-04-040.

Title of Rule: WAC 230-04-280 (~~Notification to law enforcement~~) Licensees must notify law enforcement and local taxing authorities; WAC 230-04-400 Denial, suspension or revocation of licenses; and WAC 230-50-010 Adjudicated proceedings—Hearings.

Purpose: WAC 230-04-280, sets out the guidelines for notification to law enforcement and local taxing authorities; WAC 230-04-400, to include failure to make required gambling tax payments to local taxing authorities; and WAC 230-50-010, to include hearings held due to failure to pay required gambling taxes.

Statutory Authority for Adoption: RCW 9.46.070.

Statute Being Implemented: Chapter 9.46 RCW.

Summary: WAC 230-04-280, amendment sets out the guidelines for notification to law enforcement and local taxing authorities; WAC 230-04-400, amendment includes failure to make required gambling tax payments to local taxing authorities; and WAC 230-50-010, amendment includes hearings held due to failure to pay required gambling taxes.

Name of Agency Personnel Responsible for Drafting: Patricia Norman-Cole, Rules Coordinator, Lacey, 438-7654 x 364; Implementation: Frank L. Miller, Director, Lacey, 438-7654 x 302; and Enforcement: Ben Bishop, Deputy Director, Lacey, 438-7654 x 369.

Name of Proponent: [Gambling Commission], governmental.

Rule is not necessitated by federal law, federal or state court decision.

Explanation of Rule, its Purpose, and Anticipated Effects: WAC 230-04-280 sets out guidelines for notification to local law enforcement and local taxing authorities; WAC 230-04-400 amendment will include failure to make required gambling tax payments to local taxing authorities; and WAC 230-50-010 amendment includes hearings held for failure to pay required gambling taxes.

Proposal Changes the Following Existing Rules: WAC 230-04-280 amendment sets out guidelines to notifying local law enforcement and local taxing authorities; WAC 230-04-400 amendment includes failure to make required gambling tax payments to local taxing authorities; and WAC 230-50-010 amendment includes hearings held for failure to pay required gambling taxes.

Has a Small Business Economic Impact Statement Been Prepared Under Chapter 19.85 RCW? No. The agency has considered whether these rule changes would create an economic impact on small businesses as defined in chapter 19.85 RCW. It has determined that there are no economic impacts to small business as a result of these proposals for the following reasons: No cost or expenditure of resources; no affect on industry; and no substantive change in existing regulatory scheme.

Hearing Location: Sheraton Hotel, 1320 Broadway Plaza, Tacoma, WA 98405, on March 10, 1995, at 10:00 a.m.

Assistance for Persons with Disabilities: Contact Patricia Norman-Cole by March 6, 1995, TDD (360) 438-7638, or (360) 438-7654 x 364.

Submit Written Comments to: Patricia Norman-Cole, Washington State Gambling Commission, P.O. Box 42400, Olympia, WA 98504-2400, FAX (360) 438-8652, by March 8, 1995.

Date of Intended Adoption: March 10, 1995.

February 16, 1995
Patricia Norman-Cole
Rules Coordinator

AMENDATORY SECTION (Amending Order 5, filed 12/19/73)

WAC 230-04-280 ((Notification to)) Licensees must notify law enforcement and local taxing authorities. ~~((Each licensee for the operation of an authorized gambling activity, within ten days after issuance of the license and before initially conducting any activity under the license, shall notify, in writing, the law enforcement agencies set forth below of the name and address of the licensee, the address where the activity will be conducted, the type of activity licensed, the date the activity shall first be conducted, and if the activity is planned to be conducted on a regular basis, the proposed schedule for the operation of the activity:~~

~~When the activity is to be conducted within a city or town, the local police agency shall be notified, and when the activity is to be conducted within a county, then the sheriff's office shall be notified.~~

No activity shall be initially conducted until such notification has been made:)) In accordance with RCW 9.46.070, the commission will continue to cooperate, and

PROPOSED

Attachment L

WSR 06-07-157

PERMANENT RULES GAMBLING COMMISSION

[Order 457 -- Filed March 22, 2006, 9:35 a.m. , effective January 1, 2008]

Effective Date of Rule: January 1, 2008.

Purpose: The gambling commission is rewriting its rules manual using plain English techniques. The rules manual has been divided into sections and is being rewritten a section at a time. The first sections reviewed are the licensing chapter. As part of the rewrite, some items from other chapters (chapter [230-02](#) WAC, General provisions and definitions; chapter [230-04](#) WAC, Licensing; chapter [230-08](#) WAC, Records and reports; and chapter [230-12](#) WAC, Rules of general applicability), may be incorporated into the new licensing chapter. Following are rules regarding licensing and permitting which are rewritten in plain English and numbered as chapter [230-03](#) WAC. Fees related to permits, licenses, and identification stamps are numbered as chapter [230-05](#) WAC.

Statutory Authority for Adoption: [RCW 9.46.070](#).

Adopted under notice filed as WSR 06-04-057 on January 27, 2006, with a published date of February 15, 2006.

Changes Other than Editing from Proposed to Adopted Version: [WAC 230-03-020](#) and [230-03-210](#) were updated to reflect changes to current rules filed under WSR 06-04-040 with a published date of February 15, 2006, and adopted under WSR 06-07-084. The amendment increased the threshold to qualify for a punchboard/pull-tab business permit from \$20,000 to \$25,000.

Number of Sections Adopted in Order to Comply with Federal Statute: New 0, Amended 0, Repealed 0; Federal Rules or Standards: New 0, Amended 0, Repealed 0; or Recently Enacted State Statutes: New 0, Amended 0, Repealed 0.

Number of Sections Adopted at Request of a Nongovernmental Entity: New 0, Amended 0, Repealed 0.

Number of Sections Adopted on the Agency's Own Initiative: New 76, Amended 0, Repealed 0.

Number of Sections Adopted in Order to Clarify, Streamline, or Reform Agency Procedures: New 0, Amended 0, Repealed 0.

Number of Sections Adopted Using Negotiated Rule Making: New 0, Amended 0, Repealed 0; Pilot Rule Making: New 0, Amended 0, Repealed 0; or Other Alternative Rule Making: New 76, Amended 0, Repealed 0.

Date Adopted: March 22, 2006.

Susan Arland

Rules Coordinator

OTS-8542.3

Chapter [230-03](#) WAC

Attachment L

NEW SECTION

WAC 230-03-175 Requirements for commercial stimulant businesses. Businesses must provide evidence for us to determine the business' qualifications as a commercial stimulant as set forth in [RCW 9.46.0217](#). That evidence includes, but is not limited to:

(1) Proof that it is an "established business" as used in [RCW 9.46.0217](#). "Established business" means any business that has been open to the public for sales of food or drink for on-premises eating and drinking for ninety days or more; or

(a) Provides us with a proposed operating plan which includes:

(i) Hours of operation; and

(ii) Estimated gross sales from each separate activity the business will conduct on the business premises including, but not limited to:

(A) Food or drinks for "on-premises" eating and drinking; and

(B) Food or drinks "to go"; and

(C) All other business activities; and

(b) Is ready to conduct food or drink sales; and

(c) Passes an inspection by us; and

(2) Proof that it is "primarily engaged in the selling of food or drink for consumption on premises" as used in [RCW 9.46.070\(2\)](#). "Primarily engaged in the selling of food or drink for consumption on premises" means that before receiving a gambling license the business has total gross sales of food or drink for on-premises consumption equal to or greater than all other combined gross sales, rentals, or other income-producing activities which occur on the business premises when measured on an annual basis.

Summary of HBCR Wager Increase - 2008

- In March 2008, the RGA submitted a number of petitions to the Commission for consideration, including a proposed amendment to WAC 230-15-140- wagering limits. They specifically requested to raise wagering limits from \$200 to \$500. Petition attached.
- The petition was heard at the May, July, August, and September 2008 Commission Meetings. The transcripts of these discussions are attached.
- The only rule/law discussed at these meetings was RCW 9.46.010- Legislative Declaration.
- At the September Meeting, the Commissioners approved amended language to adopt \$300 limits instead of \$500 with an effective date of 1/1/2009.



**Proposed Amendment to
WAC 230-15-140 Wagering limits for house-banked card games.**

Filed - May 2008

No Commission Meeting – June 2008

Discussion – July and August 2008

Final Action – September 2008

ITEM 7 (a) on the September 12, 2008, Commission Meeting Agenda. Statutory Authority 9.46.070

Who proposed the rule change?

Dolores Chiechi, representing the Recreational Gaming Association.

Proposed Change

The Recreational Gaming Association (RGA) is requesting to increase the maximum amount of a:

1. Single wager or bonus wager for an odds-based pay out from \$200 to \$500; and
2. Bonus wager for progressive jackpots from \$1 to \$500 or to limits imposed by a manufacturer's game rules.

The RGA states that Tribal casinos are authorized to offer \$500 betting limits while house-banked card room licensees have been held to a lower level of \$200 limits. The RGA states that the strict regulations and controls required in security, surveillance and licensing of employees in these establishments are more than adequate to protect the public.

Attachments:

Spreadsheet dated July 18, 2008, outlining increases in card game activity. This document was included in the agenda packet after the August 2008 Commission meeting.

Letter dated March 14, 2008, from Dolores Chiechi to the Commission.

Petition for rule change dated March 14, 2008.

Proposed amendment to WAC 230-15-140.

RCW 9.46.010

Letter from Andy Kimmerlee dated June 25, 2008, stating he supports the wager increases.

E-mail from Brian Tervo dated May 1, 2008, stating he supports the wager increases.

Commission meeting minutes for wager increases:

- 1) August, September, October, and November 2003, and February 2004
- 2) September, October and November 2005, and January 2006.

History of Rule

This rule has been amended twice in the past four years.

- In August 2003, the Commission filed a petition submitted by the RGA requesting the wagering limits for house-banked games (single and bonus wager for odds based pay outs) be increased from \$100 to \$300. At their February 2004 meeting, the Commission approved an amendment made by a Commissioner to allow wagering limits to be increased to \$200 on a limited basis. Effective July 1, 2004, house-banked card game licensees licensed for:
 - Five or fewer tables were allowed to have a \$200 wagering limit for one table.
 - Six to ten tables were allowed to have \$200 wagering limits for two tables.
 - Eleven to fifteen tables were allowed to have \$200 wagering limits for three tables.
- In September 2005, the Commission filed a petition submitted by the RGA requesting that wagering limits for house-banked games be increased from \$100 to \$200 for all tables regardless of how many

tables an establishment was licensed for. At their January 2006 meeting, the Commission approved this amendment to become effective February 17, 2006.

Progressive Jackpots

House-banked card game licensees may operate progressive jackpot prizes with certain approved house-banked card games. To participate in a progressive jackpot, a player places a separate wager (up to \$1), part of which accrues to the progressively increasing prize. Manufacturer's game rules determine the winning patterns or combinations of cards. The \$1 bonus wager limit for progressive jackpots has been in place since approximately 1997.

Tribal Limits

- Tribal casinos offer \$500 maximum wagering limit (single and bonus wager for odds based pay outs).
- Progressive wager limits are not regulated in Tribal – State Gaming Compacts and are determined by manufacturers in their house rules; typically it is \$1.
- Tribal casinos are required to have Tribal Gaming Agents on site during all times games are operated.

Impact of the Proposed Change

Impact on House-Banked Card Game Licensees

Some house-banked card game licensees may see an increase in gross receipts due to an increase in wagering limits. Some may not want to offer the higher limits due to the potential of having to pay out higher jackpots.

The minimum cash on hand requirements could increase if licensees offer higher wagering limits (WAC 230-15-050).

Impact on Agency

The higher wagering limits may make the games more attractive to professional cheaters. However, we would continue to regulate house-banked card games the same way as we currently do if the new limits were approved. We don't anticipate that all licensees will offer the higher wager limits and most players will not wager at the higher limits.

A Small Business Economic Impact Statement was not prepared because the rule change would not impose additional costs on businesses.

Regulatory Concerns

Minimal.

Resource Impacts

Minimal.

Policy Consideration

The proposed rule change is a policy decision. The Commission may wish to consider whether or not the proposal is consistent with the legislative intent expressed in RCW 9.46.010 (attached).

Statements Supporting the Proposed Rule Change

At the August 2008 Commission meeting:

- **Dawn Mangano, Casino Caribbean of Yakima, testified that higher wagering limits would allow her to pursue a different demographic (for example, the local orthodontist or farmer) that have more disposable income. These customers give her the opportunity to stimulate food and beverage business, as they would patronize the restaurant and purchase high end food and drink.**
- **Gary Murray, Great American Casino, testified in support of the increase.**

Letter dated June 25, 2008, from Andy Kimmerle supporting the increases.

E-mail dated May 1, 2008, from Brian Tervo supporting the increases.

At the May 2008, Commission meeting, Chris Kealy, Iron Horse Casino, and Gary Murray, Great

American Casino, testified in support of the increase.
Statements Opposing the Proposed Rule Change
None.
Licensees Directly Impacted By the Change
House-banked card room licensees.
Staff Recommendation
Final Action.
Proposed Effective Date for Rule Change
The petitioner requests an effective date of January 1, 2009.

May 2008 Transcript Excerpt on Item 13, Petition for Rule Change to Increase HBCR wager limits, Pasco, WA

13. **Petition for Rule Change** – Wager increase from \$200 to \$500 for house-banked card games and remove \$1 limit on bonus wagers for progressive jackpots

a) **Amendatory Section WAC 230-15-140**

Wagering limits for house-banked card games

Chair Niemi: And now we're on 13.

Commissioner Parker: You're going to work us to death.

Chair Niemi: Not if I keep walking these people through.

Assistant Director Mark Harris: Commissioners, Chair Niemi, item number 13 is a petition for rule change by the Recreational Gaming Association. And prior to getting into the content of this I just wanted to point out there was two loose handouts that should be included in there that covers all of the RGA petitions. One is a cover letter from the RGA specifically stating all the reasons why they are proposing these packages all together. So you might want to take a second to look through that and look at the highlights.

Chair Niemi: Do you have any clue as to where it is?

Ms. Hunter: You found it.

Chair Niemi: Oh, in the back? Oh no, I have that.

Ms. Hunter: Yep, there you go.

Chair Niemi: Yes, okay, thank you.

Ms. Hunter: You're welcome.

Chair Niemi: All right, go ahead.

Assistant Director Harris: And the second item was an email that was submitted by a member of the public commenting on all of the 15 rule proposals for the RGA. And that should also be a loose handout.

Chair Niemi: Yes.

Assistant Director Harris: Again item 13 is a petition for rule change by the Recreational Gaming Association. And the item is up for discussion and possible filing today. The petitioner is requesting to increase the maximum amount of a single wager or bonus wager in an odd-based game from \$200 to \$500, and the bonus wager for a progressive jackpot from \$100 to \$500 for house-banked card games.

In the petition the RGA states that tribal casinos are authorized up to \$500 betting limit while house-banked card rooms have been held to a lower level of a \$200 limit. In the State of Washington, tribal casinos may offer a \$500 wagering limit for a single and a bonus wager. And the progressive limits are based on the Tribal State Compact. And it's determined by the manufacture and is included in their house game rules. And it's typically \$1, but it can go higher. And tribal casinos are required to have a tribal gaming agent on-site during all hours that gaming is offered.

Higher wagering limits may make the games more attractive for professional cheaters. And we don't anticipate that all licensees will offer the higher wager limits. And most players will not wager at the higher level. The proposed rule change is a policy decision. The Commission may wish to consider whether or not the proposal is consistent with the legislative intent expressed in RCW 9.46.010.

The Commission has three options with petitions; file, deny and state reasons, or file an alternative. Staff recommends filing the petition for discussion only if the petitioner can justify why the increase is necessary and consistent with RCW 9.46.010. And the petitioner has requested that if it is passed, that the effective date be January 1, 2009. And the petitioner is present.

Chair Niemi: Does anyone have any questions for Mr. Harris? Okay, 14.

(A number of other petitions were reviewed and discussed. This is where the discussion picks up on on the petition, item #13.)

Mr. Faulkner: Thank you, Madam Chairman, Commissioners, staff, and ex-officios. For the record, my name is Max Faulkner, President of the Recreational Gaming Association. And Dolores Chiechi and myself would like to talk about all nine of these proposals in the form of a background, philosophy, kind of where we're coming from on these petitions for rule changes. I'd like to address the –

Chair Niemi: All four?

Mr. Faulkner: Nine of them.

Chair Niemi: All nine.

Mr. Faulkner: Yes.

Chair Niemi: The remaining ones.

Mr. Faulkner: Yes, as a way of explaining why we are submitting nine at this time and our thought content behind this.

Chair Niemi: All right.

Mr. Faulkner: One of the things we're looking for is a unification of card game rules. We're not tribal casinos. We know we're not tribal casinos and we probably won't ever be. They have craps, we don't. They have roulette, we don't. They have the video lottery terminals and we don't. They can extend credit, I think, on the X2 Compact, we can't. If our patrons go to a tribal casino, they can

smoke cigarettes on their facilities and ours can't. We're a lot closer to neighborhood bars, and social rooms, than we are big casinos.

And this whole footprint of gambling in the State, though we are allowed card games, a small part of the footprint. And what we're looking for is some unification in the rules for card games, the little part of the gambling footprint that we're allowed.

In looking at the RCWs pertaining to gambling, the declaration, the Commission's powers, social card game rules, I don't see anything in there as far as the Commission distinguishing between a tribal facility and a house-banked card room facility. They're all treated the same in the language. There's no differentiation.

So what we're asking for is that you file all nine of these petitions for further discussion, but under the philosophy and the idea of unification of card game rules.

Commissioner Parker: I'm confused. You said under the WAC there's no difference, is that correct?

Mr. Faulkner: No, I was looking at the RCWs, Commissioner Parker, the legislative declaration, powers of the Commission, as far as setting betting limits and choosing games like the baccarat and things like that. And it doesn't make any distinction between tribal facilities and house-banked card rooms that I could see in RCW 010, I think.

Commissioner Parker: So can you comment on that? Help us understand the point?

Director Day: I think the staff included a summary as you started through the RGA petitions because we were attempting to make sure that there was clarification that essentially would agree that 9.46 doesn't – Max is not going to find anything regarding tribal gambling in there. And the only thing it's going to be is that in the end, the Commission has authority to negotiate Compacts and regulate under Compacts. But the controlling information, or the controlling Statute is the Compacts, and IGRA. And IGRA does have a substantial policy difference, and we covered that yesterday in the Compacting process; that in fact under IGRA economic development and funds to government and those kind of

things are part of the federal policy that governs the operation and negotiation of those Compacts, as opposed to the RCW which governs the operation of the laws and licensed gambling in the State of Washington. So there is a policy difference there. It comes from two different sides of the equation.

Mr. Faulkner: I guess my point is where they intersect is our little area of house-banked card games.

Commissioner Parker: Okay.

Mr. Faulkner: Yes. Thank you.

Ms. Chiechi: Maybe I can clarify. Max's point is the legislative declaration that was included in your packet in 9.46.010, it relays what the policy of gambling is in the State of Washington. And nowhere in that RCW does it state this is the policy for non-tribal gambling and tribal gambling is held to a different policy level of what has limited the nature and scope of gambling, essentially.

So what our position is is the Commission has reaffirmed its belief that the levels of gambling that are market driven out in the market of Washington State have been set. And the tribal venues are sort of the – and that's the limit that the Commission has agreed to; that the betting limits should be \$500, that the number of spots, the number of tables, and what not at tribal casinos. So what we're arguing is that for the games that we're allowed with cards, we should be allowed at the same levels. There's nothing in the legislative intent that says hold the non-tribal card rooms to a lower limit, limit that nature and scope of gambling, but the bigger tribal casinos can have a larger expansion, a larger venue.

By way of the Compacts, the craps and the roulette all fall in line with what was allowed for Reno Nights, and that's how the tribal casinos came to be. Card rooms are allowed blackjack and poker. And what we're saying is those games that we're allowed to be played with cards, we should be allowed to be playing them at the same levels.

The argument that staff presents regarding tribal gaming agents on premise, I'd like to touch on that basically to say that our members as well have controllers on site that are part of their casino, part of their management, part of their employees that watch and monitor. Some of them even do modules,

ID checking, and walking through and making sure the security and the surveillance is all in check. So we would argue that many of our members do have that tribal gaming agent, or their own gaming agent on site 24 hours, or whenever their card rooms are open. For those that don't, perhaps we could discuss a negotiated rule that would state that they should, or even an independent entity could come in and say that you have an additional oversight. It's not in our members best interest to cheat the customer or do things that are not going to bring that customer back. So essentially it's in the licensees best interest to make sure that the game is protected, that the players are protected, and they are going to come back and have fun at their facility.

It's unique that we've been asked to justify why the rules should be filed. Prior to these petitions it has been filed for further discussion. The justification of passing the rule, we agree, will come back at a future time and make arguments as to why the Commission should pass the rule. We feel that the Commission has been accepting of filing rules to have the discussion. And we hope that you will do that as well with these rules we presented.

We intend to ask that the rules relating to items number 19 – oh, for the record, my name is Dolores Chiechi, Executive Director of the Recreational Gaming Association. Item number 19 relating to tournaments, removing the limits; we see that staff has suggested that you deny the petition. But if we were to come back with an alternative, they would suggest that we file the petition. We'd ask that you file the petition and let us work with staff on what those changes would be and bring that back at the July meeting so that we could continue the discussion rather than starting from ground zero and re-coming up with our petition. We ask for that consideration on items 19, 20, 21 and 23.

So essentially we would ask that you file the petitions that we have presented and give us the opportunity to argue the points. Thank you.

Commissioner Parker: Can I ask an additional question?

Chair Niemi: Go ahead, yes.

Commissioner Parker: I'm sorry, Madam Chair. So I hear you saying that you're considering including some provision, some language in here that would in effect require a gaming agent on the premises, comparable to what tribal gaming has with a tribal gaming agent.

Ms. Chiechi: I believe that would be a negotiation that we would be willing to have, if that's what Commissioners would like to see for these rules to go forward. And I would argue as well that essentially some licensees do that, just for their own protection. They already have that position in place.

Chair Niemi: Maybe you want to answer this question, or let someone else answer it. But I think staff mentioned when they were going over these suggested rule changes, especially when it comes to increasing the wager, that we really didn't know how much, how often that would happen, how many casinos would be involved in doing that. And if you or anyone else can expand on that, I think it would make a difference in how we feel about the petitions.

Ms. Chiechi: Right, and I'm not the best person to answer that.

Chair Niemi: All right, fine.

Ms. Chiechi: So I would be happy to have someone else come up and speak to that issue, if there's no more questions?

Chair Niemi: Any other questions of Dolores? Okay.

Ms. Chiechi: Thank you very much.

Mr. Kealy: For the record my name's Chris Kealy, and I am the VP of the RGA, and have been involved in the process to come forward and submit these rule changes to you guys and ask your consideration on that. Did you want me to answer that question you just asked?

Chair Niemi: Go ahead.

Commissioner Parker: Sure.

Mr. Kealy: On the \$200 limit, when we went from \$100 to \$200, there was a lot of discussion whether one club, two clubs, ten clubs, would ever bother with that limit. And as it turned out, basically I would say 90% of the clubs have employed that limit because what they discovered was the point I was making back then, and I'm still making now on the \$500, is it's just a decision by a customer, not the facility. It doesn't have a great deal of impact on overall revenue, it's a demographic decision. That you have a person willing to gamble at that level, and that's what makes it interesting to them, and they're able to afford that.

Problem gamblers burn out no matter what. I mean you could have a \$5 limit and they will lose all their money. You can have a million dollar limit and they're going to lose all their money, because a problem gambler is an addicted person that's going to figure out a way to lose all their money. This is a demographic issue based on where your facility is and whether a guy that owns a winery wants to come down and stop at your place and gamble at this level. So it applies east to west, north and south that the betting limit has to do with demographics and product mix. That's the answer to that question.

To back up and try to frame this whole package concept here. I listened to the presentation by staff and I started to wonder during that presentation whether or not this package was bent on destroying the industry because when you read the minutes to this meeting next month, and when future commissioners that are not here now, and ones that are not here, who are going to make the decision on this package look at this, that presentation paints a picture of pretty desperate. And I was just like wow, am I trying to destroy the industry with this; no. What we're trying to do is perfect our product mix. We are what we are and that's all we are. We're card rooms, we're social card rooms. We've been in business for over 10 years now. Legislatures have come and gone, governors have come and gone, and we are here paying taxes.

And there is no accident that this package is here today because we trust in Chair Niemi. And I specifically would like to ask Chair Niemi to enter her comments into this record when this is over today of why she did or did not decide to file what she did or didn't do because she's been here for

seven years. You've been here and watched the process. And we have accepted who we are, but we're only asking that we can continue to be who we are and pay the taxes, and employ the people, and do what we're doing, and be regulated on a consistent and fair manner.

And I found the staff's presentation of this package to be not appropriate in my opinion. And I'm putting that in the public record for sure because I'm very disappointed that this letter put forward by Brian Trevino, or whoever, was referred to numerous times only in the negative.

Commissioner Parker: You mean the email letter?

Mr. Kealy: Yes.

Commissioner Parker: Yes.

Mr. Kealy: Not once was any of the positive paragraphs even pointed out. And if you again reflect on that record that is there, all we heard was the negative components of this package. The positive components are that we're just looking to be regulated in a consistent and fair manner. And we ask you guys to govern that process. Any questions?

Chair Niemi: Well maybe this is just a comment. And this also goes to Ms. Chiechi's comment. I think one of the things you're asking is rather than just simply deny filing, that we file many of these so that you can come in later and explain, and clear up some of the staff objections. Some of them are pretty narrow objections that can be cleared up, and the other ones are somewhat major as far as wage increases. But it's my impression that you simply want these filed so that it can be discussed by five commissioners.

Mr. Kealy: Chair Niemi, we pulled back five or six of these items.

Chair Niemi: Yes.

Mr. Kealy: Because we thought we had enough common ground on the ones we submitted that we could enjoy a process of filing them and then finishing the discussion, and hopefully working over the next couple months on a few of those to “tune them up” and get them into a more acceptable version. And that the rest of the non-submitted ones would come forward in July or August on a more changed-up format, or admittedly agree to disagree format. But I thought there was a consensus on the ones we brought forward today enough for filing. And I thought that’s where we were going with this.

Either way I’m hopeful that you would enter your comments into the record overall.

Chair Niemi: They’re in the record.

Mr. Kealy: No, but in completion of this, what you might maybe have done if you were still here in August or September. By filing them, maybe that will be an indication. By denying them, that will be an equal indication. Thank you.

Chair Niemi: Thank you. Anything else?

Mr. Gary Murrey: Members of the Commission, ex-officio, staff, my name is Gary Murrey. I’m with the Recreational Gaming Association. I’m up here specifically to answer direct questions about the content of the rule, why we changed certain parts of it, if you need to. I’ll answer any questions of each rule as you go forward. They’ve already addressed the overall concept of why this is here.

I’d just like to clarify on rule number 1 why I think we’re referencing the RCW 9.46.010 is the public safety policy; keeping gambling honest, and what is allowed the public to have access to as a level of gambling to keep it as a social past time. I think that is the important point to look at. When the Commission looked at what Compacts are and what the public has access to that gambling, is the same policy I would like you to look at as what the public has access to a card room gambling level. Not that they’re equal by any means of who has what, and what their duties are. We understand that the tribal government has a responsibility to their government and their people, and we have a responsibility to our owners and stakeholders. They differ in their policy and what you have to look at.

However when you bring it back into the public safety element, that is where we have common ground. And that is where we hope the Commission looks at if you believe that the public safety is adequate when you have \$500 limits at a tribal, then I hope that you look at that as the same activity and would regulate it and have the same levels. So that is where we come back to a common ground on RCW 9.46.010, I hope.

Commissioner Parker: And that goes to my question with Dolores about are you proposing then that there be equal playing field in terms of gaming agents or having the equivalent of a gaming agent on premises?

Mr. Murrey: If it takes that to make the Commission feel comfortable enough to say if you want this level, then you must have this level of security, then absolutely. If the Commission feels that that's what it takes to insure the public safety, then yes. I employ a full-time internal auditor who goes through and does all of that that we're talking about to double-check to make sure we're following the rules, that we have the supervision in place, that the game rules are being followed, on top of what the Commission looks at.

We understand the Commission's problem with their budget to some degree. And we understand that the manpower may not be there to put a full-time agent in there. If you came back and said yes, we'll do this only if you have this designated supervision on top of what you have, then each operator can decide whether or not they want to put those levels in. So I hope that answers your question.

Commissioner Parker: Thank you.

Mr. Murrey: The other piece on the limit. If you look at the amount of gaming activity in the non-tribal card room sector from the time it went from \$100 limit to \$200 limit, you would not see a massive change. And actually from the day, I believe there's been a decline in the net gambling revenues in the non-tribal sectors since then. What we're looking at is that 1% or ½% that like to gamble at a certain level, that they be allowed to have access to that.

So I'll answer specific questions as we go on each section, Chair, as you deem appropriate. Thank you.

Chair Niemi: Well, are we ready to vote on whether to file for discussion number 13? I would comment about one thing. I can't say that I know what Commissioner Ellis or Commissioner Bierbaum would do in this case. I have a pretty good idea, but I'm not going to say what it is. But I really feel reluctant with just three people here about not filing so that they can say what they want to say when they come back to Commission meetings. Is that clear?

Commissioner Parker: Sure, I agree with that, Chair. I think our process should require that there be a full discussion.

AAG Ackerman: Madam Chair – Madam Chair –

Chair Niemi: Yes.

AAG Ackerman: Procedurally on this, I think Mr. Murrey has made the offer to address any individual questions that Commissioners may have about however many rules we have proposed at this point, nine or 10. It seems appropriate to take him up on that offer at this point if the Commissioners have questions about any of the rules individually. And if not, to then proceed through the rules one at a time and make a decision on whether to file or not to file.

Chair Niemi: Oh, I agree, I agree. I'm not suggesting we do it –

AAG Ackerman: My comment is offered mainly because Gary's sitting here waiting to answer questions.

Chair Niemi: Well he can just stand up there. Let's start with 13. Do I have a motion?

Commissioner Parker: I would –

AAG Ackerman: Excuse me, Commissioner Parker. I guess the other comment I would have is we've heard from the proponents of the petition. I don't know if there are other public comments that folks may wish to make. I don't think we provided that opportunity to the rest of the audience.

Chair Niemi: All right. Is there anyone else that wants to say anything about number 13, which is the wager increase? All right, go ahead. Do you want to move, or not?

Commissioner Parker: Sure. I'll move that we proceed to file item number 13.

Commissioner Rojecki: I'll second that, second.

Chair Niemi: Second. All right. It's been moved and seconded that we file the petition for the Amendatory Section of WAC 230-15-140. All those in favor?

Commissioner Rojecki: Aye.

Commissioner Parker: Aye.

July 2008 Transcript Excerpt on Item 12, Petition for Rule Change to Increase HBCR wager limits, Vancouver, WA

12. Petition for Rule Change – Recreational Gaming Association

Wager increase from \$200 to \$500 for house-banked card games and remove \$1 limit on bonus wagers for progressive jackpots

a) **Amendatory Section WAC 230-15-140**

Wagering limits for house-banked card games

Chair Bierbaum: And we're going to have a pretty quick agenda this morning. We have five petitions for rule change up for discussion. The first one is submitted by Monty Harmon about gambling promotions. The second one is submitted by the Recreational Gaming Association and it involves wager increase from \$200 to \$500 for house-banked card games. There's also a petition for rule change which we discussed yesterday submitted by the Recreational Gaming Association to allow mini-baccarat and allowing nickels and dimes to be used in all commission games. We have a petition for rule change submitted by PokerTek for electronic poker tables. And we have a petition for rule change submitted by the staff incorporating activity report definitions, resident agent and reporting period for amusement game licensees. And they are behind their respective tabs.

And what I thought we would do, rather than go through each of the rules one-by-one is to ask for public comment on any of the rules at any time. And we're including the ones that we discussed yesterday, just in case there's anyone here that wasn't here yesterday that wants to make a comment. So is there anyone here that wants to make a comment on any of those rules? This is going to be even shorter than we anticipated. Mr. Rojecki, do you have any? Mr. Rojecki wants Dave to talk. What do you want him to say?

Assistant Director Trujillo: Well good morning, Commissioner Rojecki. How are you?

Vice Chair Rojecki: You're standing up there so I assume you wanted to say something.

Assistant Director Trujillo: I was up here to present item under tab number 7, if there were any questions or comments, or if a member of the public had a question or comment. And the petitioner is not here today, so I would expect to see him in August. So I am available if there are any questions.

Chair Bierbaum: That's the gambling promotions one?

Assistant Director Trujillo: Yes, Madam Chair.

Chair Bierbaum: Do you have any questions?

Commissioner Rojecki: I don't.

16. Other Business/General Discussion/Comments from the Public/Adjournment

Chair Bierbaum: Okay. So we're moving on to the next agenda item which is general comments from the public about anything. Oh, heavens. Okay. This meeting's adjourned.

August 2008 Transcript Excerpt on Item 7, Petition for Rule Change to Increase HBCR wager limits, Wenatchee, WA

7. **Petition for Rule Change – Recreational Gaming Association – Wager increase from \$200 to \$500 for house banked card games and remove \$1 limit on bonus wagers for progressive jackpots**

a) Amendatory Section WAC 230-15-140 – Wagering limits for house banked card games

Assistant Director Mark Harris: Chair Bierbaum, Commissioners. Item number 7 is a petition for rule change by the Recreational Gaming Association and is up for discussion today. The petitioner is requesting to increase the maximum amount of a single wager or bonus wager on an odd based payout from \$200 to \$500 and for a bonus wager for progressive jackpots from \$1 to \$500, or whatever limits are imposed by the manufacturer's game rules. The RGA states that tribal casinos are authorized to offer \$500 betting limits while house banked card room licensee have been held to the lower \$200 limit. Tribal casinos offer \$500 maximum wager limits for single and bonus wagers, but for the progressives that is not regulated by Tribal State Compact and are determined by the manufacturer's game rules and posted in their house rules. And it is typically \$1. Tribal casinos are also required to have tribal gaming agents on site at all times when games are operated.

Higher wagering limits may make the games more attractive to professional cheaters, but we don't anticipate all licensees will offer the higher wager limits. And most players will not wager at that higher level.

The proposed rule change is a policy decision. The Commission may wish to consider whether or not the proposal is consistent with the legislative intent expressed in RCW 9.46.010. The petitioner has requested an effective date of January 1, 2009. And the petitioner is present. Do you have any questions of myself or the petitioner?

Chair Bierbaum: Commissioners? Okay, that's what I was just going to do Jerry, thank you. Do we have any comment from the public? Thank you.

Commissioner Parker: Oh, I was hoping she would come forward.

Dawn Mangano: Be kind to me. Staff, ex-officos, I'm Dawn Mangano with Casino Caribbean Yakima. And I just felt it was important I come forward this morning and try to explain in a real way why this would make a difference for our casino in Yakima.

We open up our casino with an extensive menu with seafood, and wine, and we're not able to sustain that. And this would allow me to go off to a different demographic that has more disposable income so that I could have a \$9 martini, so I could have Yakima wines from the local wineries, and then I could have more than one steak, I could offer several. And in raising limits from \$200 to \$500 would allow me to do that to pursue the orthodontist that put my daughter's braces on, or the hog farmers that come in. And that they would make more visits, that they would bring their friends, and that I could go after a different group of customers.

I just appreciate you considering this change. And it would make a large impact on our smaller casino in a rural area. If you have any questions, I just felt it was important to come forward today.

Chair Bierbaum: Thank you.

Ms. Mangano: Thanks.

Chair Bierbaum: Does anyone have any questions?

Commissioner Ellis: I do. I think that what you say is very helpful to us. And I'm wondering if you have actually done any kind of a study, or analysis, or even a discussion on how many customers you think might be attracted by the higher limit. How many people might we be talking about in the Yakima area that would be willing to make a \$500 bet?

Ms. Mangano: I haven't done as far as the number, but I am speaking specifically to customers. It is the orthodontist, and he goes to a different venue where he's accustomed to playing \$500 limits. He has the money to spend, he likes that kind of play, and so he frequents not my place. So these are very

real examples. As far as like a number of people, it's more a personal contact. Since I live in Selah, just outside of Yakima, it's from personal contact with the customers; what can I offer you to come here and not continue down the road, what is it lacking.

And it would just be an opportunity for me to stimulate the food and beverage business. We have a great facility that's tropical themed and they like the atmosphere. But they are looking for those two components. And so that different level of gaming for them, that's what they're looking for. And then I can offer the rest of it to increase that food and beverage business. Does that answer your question? I don't know.

Commissioner Ellis: It does.

Ms. Mangano: It's not numbers, I have like specific people.

Commissioner Ellis: It must be extremely frustrating for you to know that that orthodontist is out there playing with your money and not in your casino.

Ms. Mangano: That was just one example.

Commissioner Ellis: Thank you.

Ms. Mangano: All right, thanks.

Commissioner Parker: You did a good job.

Ms. Mangano: Thank you.

Mr. Gary Murrey: Madam Chair, members of the Commission, my name is Gary Murrey. I'm with Great American Gaming Corporation. And I'm not quite as nervous as Dawn, I've been up here a few times obviously. But I'd like to talk to the petition on the policy side that was mentioned; that we have to remain within the policy considerations.

And specifically the \$500 limit has become sociably an acceptable level in the State. \$500 limits have been around for quite awhile in the State. I see no public concern over it – has been brought up. We don't see a large uproar from anybody coming up here. We've seen e-mails in support of this limit that there be players that are interested in that. So from a policy standpoint, myself, I look at any disagreements between it, what has become a sociably acceptable level in the State over the years. And from that standpoint, I think that it would be a good thing to raise that level across the State to all the people participating and offering those games of chance.

Chair Bierbaum: Thank you.

Mr. Murrey: Thank you.

Chair Bierbaum: Are there any other members of the public that would like to comment on this proposed rule change? Hearing none other, do any of the Commissioners want to weigh in on this proposed rule change?

Commissioner Parker: No.

Chair Bierbaum: Okay, so I guess it's up –

Commissioner Parker: I support it.

Chair Bierbaum: Pardon me?

Commissioner Parker: I'm in favor.

Chair Bierbaum: For the record, I am too. It's up for final action next month in Gig Harbor. Okay, mini-baccarat.

September 2008 Transcript Excerpt on Item 7,
Petition for Rule Change to Increase HBCR wager limits,
Gig Harbor, WA

7. **Petition for Rule Change – Recreational Gaming Association – Wager increase from \$200 to \$500 for house-banked card games and remove \$1 limit on bonus wagers for progressive jackpots**

a) Amendatory Section WAC 230-15-140 – Wagering limits for house-banked card games

Assistant Director Mark Harris: Chair Bierbaum, Commissioners, ex-officios. Item number 7 is a petition for rule change by the Recreational Gaming Association. The item is up for final action today. The petitioner is requesting to increase the maximum amount of a single wager or bonus wager for an odds based payout game from \$200 to \$500 and a bonus wager from a progressive jackpot from \$1 to \$500. Tribal casinos offer \$500 wagering limits on single and bonus wagers, but progressive wager limits are not regulated by Tribal State Compact and are usually \$1 or what is limited by the manufacture in their internal controls.

Higher wagering limits may make the games more attractive to professional cheaters. We don't anticipate all licensees will offer the higher limits, and most players will not wager at the higher limits.

The proposed rule change is a policy decision. And the Commission may wish to consider whether or not the proposal is consistent with the legislative intent of 9.46.010. The petitioner has requested an effective date of January 1, 2009, and they are present today. Do you have any questions of myself?

Chair Bierbaum: Does anyone have any questions?

Commissioner Parker: Can you hold one second here?

Commissioner Ellis: If I may in the meantime, Madam Chair. I assume that when the staff indicates there may be an issue under RCW 9.46.010, is that the question of whether or not wagering at the higher limits would be within or outside the concept of a social pastime?

Assistant Director Harris: I believe that is part of it, and then I also believe part of it is the expansion issue that comes up, quite frankly.

Commissioner Ellis: Expansion of gambling?

Assistant Director Harris: Correct.

Commissioner Ellis: Okay.

Director Day: Commissioners, excuse me.

Commissioner Parker: Go ahead.

Director Day: I was just going to make sure, because there are some items on your table in front of you, some letters that have come in that aren't in your packet. You should have a letter from Representative Brendan Williams, and also from Hawks Prairie Casino, Robert Dayton is there. I believe both those are in support. You should also have, and I think it's in the lavender, would that be the appropriate color – there's a letter from Representative Steve Kirby, and then also one from Skyway Park Bowl and an e-mail essentially from a Christopher Handy. Those items should have been separately included for you. I believe all those are in support.

Commissioner Ellis: Well let me follow-up on my last question to Mark and ask Mark or perhaps Rick or Jerry, is there anything more than can be said – well, Mark has referred to both the social pastime issue and the expansion of gambling issue. And I think we all have a sense of how elusive the definition of expansion of gambling may be, except in a very specific context which may not help here. We haven't heard as much about the legislature's expressed intent in the legislative declaration to restrict gambling to social gambling. Is there any authority or positions that the Commission has

taken in the past that are not reflected in the minutes of past meetings that we've been given that bear on whether or not a poker game with a maximum bet of \$500 would be inside or outside the concept of a social pastime? I can certainly see an argument, and we see this reflected in comments by some groups that opposed increases in betting limits in the past that that kind of a dollar amount takes the game from a social game into more of a profit making game, but that's just an argument. I'm wondering if there's anything more there that we could rely on as Commissioners?

AAG Ackerman: Commissioner Ellis, if the question is addressed to me, I'm not aware of anything other than the plain language of 9.46.010 to the extent that it discusses the legislative preference for social past times and the opposition to for-profit gambling. To the extent this has been discussed previously, I think it is contained – I hope I'm remembering correctly the various minutes that have been provided to the Commission as part of the packet behind this tab. Obviously over the years there have been a succession of requests for the Commission to increase the wagering limits. The Commission, as far as I know, has normally provided some kind of increase. The magnitude historically has appeared to be less than what is being requested this time, but maybe that's just because it logically will stair step up as the petitioners are successful in gaining incremental increases. But as far as I know, this is the information that's available to the Commission as a historical reference to aid in your determination.

Commissioner Ellis: Thank you. And to my mind, both of these concepts, social pastime as well as expansion of gambling are right in there with the concept of pornography, as Justice Potter Stewart once referred to it as being something that he couldn't define, but he knew it when he saw it. And it seems to be the best that we can do with these two concepts, outside the context of specific legislative rulings, for example, on what constitutes an expansion of gambling.

Director Day: Commissioner Ellis, I think in kind of our research when we were looking at the policy statement in 9.46, I think we found a most recent edition in 1994 was an addition of keeping the criminal element out of gambling. And then the sentence promote social welfare by limiting the nature and scope of gambling activities and by strict regulation and control. So at least as far as I understand, that's the most recent change to the policy statement itself.

Commissioner Ellis: Thank you.

Chair Bierbaum: Do any of the Commissioners have more comment?

Commissioner Parker: I'm trying to think of how to formulate this question. So if we agree to this proposed rule change at this meeting – it's an up or down issue at this meeting, is that correct?

Assistant Director Harris: Correct, it's up for final action today.

Commissioner Parker: Okay. Is there anything projected where we would revisit this down the road to assess the impacts?

AAG Ackerman: If I might address that. I'm not completely sure that I understood the thrust of the question. But if the question was do you have to accept these dollar amounts or reject it in toto, I don't believe you are so limited. I mean you could chose to enact a rule and set the dollar limit at whatever number you chose. You're not limited to the number that's been proposed by the petitioners. And that would take the form of a motion to authorize the increase, but to authorize the increase at the number that the Commission chose. You're not obligated to accept the number that's before you.

Commissioner Parker: Okay.

Director Day: Chair Bierbaum –

Chair Bierbaum: Yes.

Director Day: And we have a clarification because there's two petitions on the bet limit that is still under consideration. This one is with house-banked games. The poker bet limit increase is still active and will likely be on the Commission's agenda in October. So there's two separate petitions.

Senator Margarita Prentice: I was having to reach back to the '94 statement. And that was the year after we'd had the 1993 task force where there had been a group that went all over the State; we went

into Canada and went down to Oregon. And at that time, it was all five table card rooms. And the decision when we came back was that then they would go up to 15 tables. But the whole notion when we were talking about criminal element – I remember the discussion now because we said big time crime is not going to be coming in when you've got these kinds of limits. They can't be big casinos, so we felt safe in doing that.

But we also were just seeing the first of the tribal casinos. I think the Lummi's were grandfathered in, and the Tulalip's were already starting when we went around, Nooksack had been open like six months. I mean it was all new to us and we were in very unchartered territories. So that was how the world looked then. But the idea was if this is their world, we wanted to give them some relief beyond the five tables because that was extremely limiting. But that was what that statement reflected.

Commissioner Parker: Okay. I don't have any more.

Chair Bierbaum: Does either the proponent of the petition or any other members of the public want to make any comment?

Ms. Dawn Mangano: Commissioners, Chairman, staff, ex-officios, I'm Dawn Mangano. I'm representing Yakima Casino Caribbean. I live there and operate that casino. I came before you last month and talked about asking for you to consider a limit increase so that I might have an opportunity to go after a different demographic of customers that would allow me to increase and stimulate my food and beverage business by revamping my bar, by changing up my menu, adding more steaks, better steaks, seafood. It's something we opened with. We weren't able to sustain some of that, and some things we haven't had a chance to try like a pomegranate martini, a \$9 drink. And I guess I'm asking for your approval today on those limits to give me an opportunity to try that at our casino. And this would give me an opportunity. There are certain individuals that enjoy that level of gaming, have an opportunity to go other places for it, and have the disposable income to support that kind of play. And I just want to be able to have an atmosphere and give them the things that they want so that they'll want to come to my establishment. So I'm asking for your approval today. Thank you for your consideration.

Commissioner Parker: So you're representing Hawks Prairie?

Ms. Mangano: No, Casino Caribbean in Yakima.

Commissioner Parker: Oh, okay.

Ms. Mangano: Do you have any questions for me?

Commissioner Parker: What would you think about increasing the wage limit to \$300 instead of \$500?

Ms. Mangano: I'm asking for the \$500 today because that's the level that the specific customers I'm thinking of are able to play not very far away. And so to be able to be in direct competition with that, and that's the level they play at. So the change to just \$300 I don't think would really make the impact that I'd be able to make those changes.

Commissioner Ellis: I'm guessing that you have more specific customers in mind beyond your orthodontist?

Ms. Mangano: Yes, I do. I'm not a great larger group public speaker, but this is something I feel very motivated about, and that's why I've come before you today. Yes, there's the bed and breakfast gentleman that likes three card. He's a chef and the owner. And the Ray's Meat – I probably shouldn't say any names specifically – but the owner of our local distributor, and then there's a lady who owns several shops, and she enjoys that as her form of entertainment. So these are just people that are out, have the extra money, and this is what they enjoy doing.

Commissioner Ellie: Thank you.

Chair Bierbaum: Do we have any other comments, feedback?

Commissioner Ellis: Let me –

Chair Bierbaum: Chris can't help himself, there you go.

Mr. Chris Kealy: My name's Chris Kealy with Iron Horse Casino in Auburn and Everett. And I'm not sure if I can't help myself, or I'm going to wreck something, or help something, or whatever, but I'll give it a go. The \$500 request, we're going around this expansion of gambling issue and we're right on the edge of it again. And yet when I look at the situation in the State, I think that we have confidence that the socially acceptable gaming limit in the State is at \$500. And we feel like in our product mix that makes sense for us to offer that with what we have.

I definitely have the same antidotal stories that Dawn has. Just since we've gone to 24 hour gaming we have a fellow that was over at the racetrack. He spends his weekends at the racetrack. He parks his '09 Bentley under the (unintelligible) at my place. He has definitely enough money to do what he wants to do. And he wants to gamble at that level. He wants a range, really. He doesn't really want to play \$500 every hand, he wants a chance to start out at \$50 or \$100 a hand and as he's playing along for a few hours, if he gets stuck it's pretty typical for a gambler that just wants to win out, and they do. You'll see the win percentage on a higher limit gaming goes down because players tend to play out. And it just happens to be the way he likes to participate in the gaming activities.

Commissioner Parker: What do you mean "play out"?

Mr. Kealy: So let's say he cashed in \$2000 to start with and just gets going and is playing along and pretty soon he's down to \$500. It's not uncommon at all to see him pull out another \$3000 and then just spread across the table and take his chances on coming back. And he does. And some nights we're like, oh.... It's gaming, it goes both ways. And there are winners. And when they're winning, we're losing. But it's just a product mix and a demographic that we're really interested in trying to tap because I have fine dining restaurants in Auburn, I have all the tools to be able to do that, but it's not utilized as often. And it just adds energy to the room.

When people see that kind of action, they just kind of like to watch it. It's fun. In Las Vegas when I walk by a table and I see it at \$2500 to \$3000, when I see a guy playing \$3000 a hand, I stop and

watch for awhile because it's interesting to me. It's just a demographic of what we have going on in the State.

Commissioner Ellis: Chris, I don't have an answer to this question, but it just occurred to me as you're describing this situation and having listened to Dawn. From our point of view and looking at the policies reflected in RCW 9.46.010, should we be considering whether we should be gearing the maximum betting limit that is proposed here to a gambler like the one you're describing with his Bentley and his wealth, or if we gear the limit to that kind of a bettor, what are we doing to bettors that don't have that kind of money? Even if they may not be psychopathic gamblers, or sociopathic gamblers, nevertheless is there a category of gamblers that can't afford those kinds of stakes but would unfortunately fall into playing games at that level and do themselves and their families real damage?

Mr. Kealy: The classic statement related to addictive behavior – and addiction being different than habit. Habit is something that you're doing just because you chose to do it and it doesn't impact your mortgage or your kids school tuition or otherwise. The addictive behavior component, you're never going to get away from that in the classic saying that one bet's too many and a million is not enough. But at \$5, \$10 a hand, any level at all, the addictive personality is going to get themselves into trouble. And the \$500 limit is not even remotely going to appeal to that person because they want more activity anyway. And they recognize that if they put \$500 down three times in a row, two out of three times they're likely to lose it. So they're just not going to do it.

But what they will do is they'll blow their money at \$10 at a time. You can't stop that. And 5% of the population is stuck in that mode, where with alcohol it's more like 30%. So it's a pretty detailed situation to watch a person who is doing that. And you'll see the signs through check bouncing and credit card machines allegedly not working, over beating on it, and whatever. Then it's time to talk to those people. We deal with that now. And everybody that's responsible in gaming does deal with that now. And we work our best to make sure those people are not impacting their families. We have self-barring statements, we have the tools in place to help these people stay away from gaming.

Commissioner Ellis: Thank you.

Commissioner Parker: So let me ask because it seems like the discussion has really gone from the nature of the proposal, that is to raise a betting limit from the point of view of its impact on social behavior of the public or patrons of the establishment, and we kind of skirted around the question of competitive edge. And you refer to the fact that you have customers come in that perhaps you would get more of those customers on a more regular basis if you're offering the same betting scheme as the competition over at the tribal casino in effect. So I'm wondering, how do you assess the policy question?

I mean when we discuss that issue of competitive edge when we deliberate over Tribal Compact amendments that impact the type of gaming that they're offering, or the type of enterprises that they're doing, our discussions have revolved around a question of most favored nation principle. But the term itself refers to the fact that we're talking about people who are governmental entities engaged in this enterprise. And when they're debating issues of competition, that's in the context then of the issue of the rules in relation to how it should apply to these governmental entities. And now I'm kind of uncertain as to how to treat that question when we talk about it in relation to the card room enterprises in competition with the tribal card room enterprises. Would you share a view on that?

Mr. Kealy: Sure. The policy considerations involved in your guy's position to determine whether or not we should compete – at what level we should compete with the most favored nation status of tribal Americans. My most favorite nation is the United States of America, and that's what I'm part of. And I like being a citizen in the State of Washington, I like paying my taxes, I like doing my job, and being a business person. And I like to be able to compete in a socially acceptable level that we've defined. And Dawn's presentation is accurate in that we are not going to be able to appeal to a higher clientele if we don't have the tools to do so with the product mix that we have.

So am I going to be able to make any dent in the Muckleshoot's bottom line with \$500 limit on my blackjack? No. They have 2000, 2500 machines in one building and another thousand or so in another, and hundreds of tables and all kinds of things going on. It's just a small Cheers like mentality for what we are in our social card room setting that we can have a demographic that is broader.

And another example of that is I had some business people in town last week from Florida that I'm doing a mini-storage business with. And we go down to my mini-casino, or card room. They want to see it, they want to – you know, how's this thing, they're interested in it. And none of them want to gamble at the level that we had to offer. They wanted to go to the Muckleshoot and play there, and we did. So it's interesting that I can't even appeal to my own business partners and friends from Florida.

Senator Prentice: You went to the Muckleshoot?

Commissioner Ellis: You're concerned about doing business with people like that?

Mr. Kealy: No, they're not concerned with doing it with me. Anyway, I thank you guys for your time and consideration on this matter. You guys look at \$500 like it's the top end of the world. And honestly when you go to Vegas and otherwise, it's not. \$500 is still a very conservative limit, and I hope that you guys can understand it that way.

Commissioner Ellis: Chris, knowing your usual practice of doing an excellent job of maintaining facts and figures regarding the implications on the bottom line of your business at various proposals, \$500 in the context of looking at it as kind of a price increase for a member of the industry, do you have any data on what the implications of that kind of a price increase would be? What would that do to your bottom line? Dawn has talked a little bit on what it would allow her to do on kind of an antidotal basis in offering better steaks or better wines. But how do you see that in dollars and cents, if you have that kind of data available?

Mr. Kealy: Well, I guess I will lean on a little bit of my previous success in this area. When we went from \$100 to \$200, some people were trying to do the math that we were going to go from \$4 hundred million a year in gaming through the card rooms to \$8 hundred million. And that just wasn't going to happen. And what I was testifying to then was we would see a smaller erosion of our market share. And we have seen erosion, even going from \$100 to \$200. We've gone backwards to I think \$385 million in gross receipts for the card rooms. And we're still drifting south by most conversations I've had.

So this isn't really going to do anything to boost it. It's going to keep the erosion factor at a slower pace. But that's all we're going to continue to experience in the card room industry is an eroding fact. And that's okay, because we're businesses that are selling food and beverage and we're doing other things. And we're creative business people and we're trying to do what we can do. This won't have an increase at all. It will still be less of an erosion.

Commissioner Ellis: I understand your idea of the erosion on an industry wide basis, but let's go to the micro analysis on a card room-by-card room basis. As I recall the numbers that I've seen, and I haven't seen them for a while, the average card room that is still in business in this State is doing very well. And I assume that if we looked at the data over time, particularly if we extended our analysis back into the late '90's before the 15 table rule went into effect etcetera, we did see a huge increase in the per card room net and gross revenue. So on a card room-by-card room basis, what do you think this proposal would do?

Mr. Kealy: Well again, on a card room-by-card room basis, over half the card rooms today do not make money, do not show a black bottom line. The ones that do, and mine do, on a case-by-case basis, this stands the best chance of keeping that erosion factor at bay. As we all know, inflation is running. And with the minimum wage tied to inflation, the index is going to jump on us January 1st, my estimate is between 50 and 75 cents an hour. It's going to be the biggest jump we've seen. And that times the 7000 hours it effects, becomes the payroll demand increase. And then you multiply that times the tax overburden, which is about a 1.19 factor, blah, blah, blah. I'm looking at something in the neighborhood of \$10,000 to \$15,000 every two weeks as an increase to the wages alone.

So on a card room-by-card room basis, this is still not going to do an amazing amount, it will just give us a different demographic to concentrate on and maybe have some successes in those areas.

Commissioner Ellis: Thank you.

Mr. Kealy: Thank you.

Mr. Monty Harmon: Good morning Commissioners and staff of the Commission. Monty Harmon, Harmon Consulting, Incorporated. I just wanted to add a little of the insights that I see as I go out amongst the industry. I am working with a couple of failing card rooms trying to help them with their tax burdens. They're not all well, and I think Chris Kealy mentioned that.

But after I work during the day, maybe I'll go out and have a beer and relax amongst the crowds. I have seen and heard customers say I'm going some place else where I can bet at higher limits. That I have personally experienced. And therein lies a situation where a customer would stay, would enjoy food and drink, and stimulate that business. I have also been in locations in this State that do not want to go to higher limits. Even though they have a \$200 ceiling, they stay at the \$100 limit because they feel that's where they are safe and where their customer base is best held.

So increasing this limit does not mean that statewide everyone is going to use the higher limits. And I just wanted to bring that to your attention. Thank you for your time. If you have any questions –

Chair Bierbaum: Thank you. Mr. Ackerman.

AAG Ackerman: Madam Chair, I guess I'd just like to offer a note to the Commissioners, having heard the discussion today. This is far more discussion and consideration than I recall being given at the earlier meetings. I think that may be due to people's schedules and inability for all of you to be at various meetings. But with that I'm sensing some continued thought being given by the Commissioners to this topic. I would just point out that you do have the ability to set this over for a month, if you wish to obtain additional information, or just to give it further thought. My reading of the record would indicate that you're within the time limit to consider this next month, if you would rather do it then, or even to delay it as much as to November. So that's an option for you if you feel that you're not prepared to vote at this time.

Commissioner Ellis: May I ask a question?

Chair Bierbaum: Of course.

Commissioner Ellis: Jerry, since you have the floor for the moment, and I think that's a good proposal. The definition of Class II gaming includes card games that are played in conformity with the laws of the State regarding hours or periods of operation and limitations on wagers or pot sizes. Do we necessarily, or potentially, if we were to approve the petition to increase the limit to \$500, bring current tribal card games into the realm of Class II gaming rather than Class III gaming? Is that an issue that we should be concerned about?

AAG Ackerman: No. Commissioner Ellis, no, I don't think that is an issue. The Class II gaming essentially for tribal purposes is poker. And the other types of card games are – I'm trying to think if I'm missing anything or if there are any exceptions. But generally Class II for tribal purposes is poker, and the other types of card games that we offer in house-banked card rooms are Class III.

Commissioner Ellis: Well I'm looking at a page of the Manual on Indian Gaming Law that I was given, and it doesn't distinguish between poker and other card games. That doesn't mean for a second that there isn't a definition somewhere else other than on this page that I have. But it simply indicates that the term Class II gaming means, and then (2) is card games which are played in conformity with State laws as I read a minute ago. So I don't see that distinction here. Is there a distinction elsewhere in the rules that indicates that within the definition of Class II the only card game that is covered is poker?

AAG Ackerman: I'm not sure what you're referencing. My understanding under IGRA is that Class II covers poker. And in fact all of our current Compacts with tribes address the other types of card games, and specifically list them out as Class III gaming in the Compacts. So I'll take a look at this, but I'm not quite sure what it's referring.

Director Day: And I think for one clarification maybe I can help out because I believe house-banked card games are specifically defined and identified. So it's kind of the reverse situation as a Class III game so that poker would end up Class II, and is a Class II game. So this particular petition wouldn't have any impact on that differentiation directly.

Commissioner Ellis: Thank you.

Director Day: But the one with poker limits, most likely would.

Commissioner Ellis: Okay, thank you.

Chair Bierbaum: Commissioner Parker –

Commissioner Parker: Well Madam Chair, I think we've heard a suggestion that we defer action on this until the next meeting. But I'd like to see what people think about an amendment to the proposal to propose that the limit be amended from \$500 to \$300. Because it seems to me that speaks to the question about what card games are trying to offer, but it doesn't jump to the \$500 limit, which I think is causing me at least a little hesitation to jump into it.

Commissioner Rojecki: Madam Chair, I would also agree with Commissioner Parker and would second that.

Chair Bierbaum: Well I agree with the notion that it might be a good idea to defer final action on this. And reserving the right to change my mind, I'll just share my thinking on it right now since maybe we're not going to vote today.

The arguments that we've heard from the proponents have to do primarily with two arguments. One has to do with the health of the industry, and the other has to do with tribal parity. Neither one of those arguments in my mind are compelling. It's not our job to ensure the health of the industry, and isn't something that I would ordinarily consider in deciding whether or not to enact a rule change.

Similarly I agree with Commissioner Parker that the notion of tribal parity is not on the table for all the reasons that he articulated. However having said that, I think that the Commission has an obligation to ensure that its rule making has a rational basis, and it can't be arbitrary and capricious. The goal of the Commission is to ensure that gambling is legal and honest. And our staff has told us that the regulatory concerns are minimal, that the resource impacts are minimal.

I listened to Commissioner Parker talk about does this take this out of the social pastime. Clearly it doesn't, and I'd cite the tribes, not because there's any notion of tribal parity but the tribes have had \$500 limits for a very long time now. And experience has shown that that has not changed the game from a social pastime to something else. So I think that to just pick a number out of the hat, whether it's \$200, or \$300, or \$400, or whatever, in my mind that's arbitrary and capricious. There has to be some rational basis for our decision. And the tribes have had \$500 tables. And again, this argument is not about tribal parity. It has to do with is the Commission able to perform its function, which is to ensure that gambling is legal and honest at the \$500 limit. And the answer is clearly yes.

And so to not approve the petition would have to have some rational basis, and I haven't heard one yet. So that's my thinking today. Reserving the right to change my mind.

Commissioner Ellis: Well let me say, since I haven't expressed an opinion yet, that I tend to agree with Commissioner Parker and Commissioner Rojecki. I do think that I have some reservations about the \$500 limit, and I don't agree that the situation is really clear cut that moving from a \$200 limit to a \$500 limit would not potentially take the game out of the clear context of being a social game and something more of a profit making game for those people that would care to bet that much.

And I am concerned about the health of the industry. Certainly our primary responsibility is to regulate the industry to ensure that gambling is fair and honest. But once we have done that, many of the things that we can do can affect the industry, and the industry involves investment by Washington citizens, and it involves the employment of many Washington citizens. And so I don't think that we can ignore the implications of what we do with regard to the health of the industry. But I do think that moving from a \$200 to a \$300 level would be a nice "price increase" for members of the industry. So it seems to me that that is a reasonable step to take. And if there were a motion to that effect, I would vote in favor of it.

Commissioner Parker: Well I will so move to amend the proposed rule to provide for an increase from \$200 to \$300.

Commissioner Rojecki: I'll second that.

Chair Bierbaum: Any discussion? So are we moving forward with this?

Director Day: (Inaudible) I'm going to get in trouble now because I didn't have that there. There's two limits, so Commissioner Parker, would your motion apply to both?

Commissioner Parker: Yes.

Commissioner Ellis: And as I recall, isn't that the structure of the petition essentially; that the number that we're changing is in one portion of the section, and then the progressive jackpot limit cross references that same section. So if we change the number from \$200 to \$300 for the purposes of the general limit, then the progressive jackpot limit is automatically thereby changed.

Director Day: We have legal nodding heads to that effect, so you're correct, sir.

Commissioner Ellis: Good.

Chair Bierbaum: So we have a motion on the table. Any discussion? So for the record I'll say I'll vote in favor of it only because it's better than no increase at all. But again, I think that we completely open ourselves up to the argument that that's completely arbitrary and capricious. It sounds like, Commissioner Ellis, you just picked a number out of a hat that you say "represents a nice price increase". And I'm not sure that that's a rational basis upon which to enact a rule change. So having said that, all in favor?

Commissioner Parker: Aye.

Commissioner Rojecki: Aye.

AAG Ackerman: Madam Chair --

Commissioner Ellis: Aye.

Chair Bierbaum: Aye. Whoops, whoa, sorry about that.

AAG Ackerman: I guess I would need to point out, given the issue of the progressive jackpots, that there is a problem with the way the amendment is currently listed if you pass the motion that you currently have before you. And the problem is if you take a look at the amendatory section that's in your packet, it's WAC 230-15-140 --

Chair Bierbaum: Is it behind the same --

AAG Ackerman: It's about four pages behind your rule summary.

Chair Bierbaum: Okay.

AAG Ackerman: (3) says bonus wagers for progressive jackpots must not exceed manufacturer's rules or limits in number (1) above. I interpret what the motion would do would be to change (1) from its current language of "must not exceed \$200" to "must not exceed \$300". I think the problem with (3) is it appears to say that a manufacturer could set a limit higher than \$300, and that that would be permissible. Currently it says manufacturer's rules or limits listed in (1) above.

Chair Bierbaum: Right.

Commissioner Parker: Or you could just amend it by striking the "or". Would that do it?

Commissioner Ellis: Or you could do it by saying whichever is less.

AAG Ackerman: Exactly.

Commissioner Parker: Uh huh.

AAG Ackerman: I think that would be the way to address it.

Commissioner Parker: Okay, whichever is less than.

AAG Ackerman: Yes, manufacturer's rules or limits listed in (1) above, whichever is less, would probably cure that issue. So I guess if Commissioner Parker's motion would encompass that additional language, and if it was acceptable to a second, you would then have a motion that I think would achieve the intent of the offeror.

Chair Bierbaum: Are you going to amend your motion to that effect?

Commissioner Parker: Yes.

Chair Bierbaum: Okay. And what's the effective date?

Commissioner Rojecki: January 1st.

Director Day: Would be according to petition, January 1, 2009.

Chair Bierbaum: Do we have to vote again?

AAG Ackerman: I think you should, since we've amended the motion.

Chair Bierbaum: All in favor?

Commissioner Parker: Aye.

AAG Ackerman: Was there a second to the amended motion? I'm sorry.

Chair Bierbaum: I think Commissioner Parker –

Commissioner Parker: Yes.

Chair Bierbaum: No, Commissioner --

Commissioner Rojecki: Yes, second.

Commissioner Parker: Rojecki.

Chair Bierbaum: Commissioner Rojecki.

Commissioner Ellis: Right.

Chair Bierbaum: All in favor?

Commissioner Parker: Aye.

Commissioner Rojecki: Aye.

Commissioner Ellis: Aye.

Chair Bierbaum: Aye.

Commissioner Rojecki: I said aye.

Chair Bierbaum: Okay.

Assistant Director Harris: Thank you.

Chair Bierbaum: Ms. Hunter, are these yours?

McLean, Lisa (GMB)

From: no-reply@wsgc.wa.gov on behalf of Washington State Gambling Commission via Washington State Gambling Commission <no-reply@wsgc.wa.gov>
Sent: Friday, February 17, 2023 11:25 AM
To: Rules Coordinator (GMB)
Subject: Request for Public Comment Submission from wsgc.wa.gov

External Email

Submitted on Friday, February 17, 2023 - 11:25am Submitted by anonymous user: 24.234.65.169 Submitted values are:

Select a Topic: Petition for Rule Change: Wagering limits for house-banked card games

Name: Kris O Murray

Organization:

Comments: As a long-time player and resident of Washington, raising the caps would be much appreciated and look forward to the commission's work on the matter.

The results of this submission may be viewed at:

<https://gcc02.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.wsgc.wa.gov%2Fnode%2F19%2Fsubmission%2F3839&data=05%7C01%7Crules.coordinator%40wsgc.wa.gov%7C7383f06b3da0409686a908db111cb65b%7C11d0e217264e400a8ba057dcc127d72d%7C0%7C0%7C638122587245673682%7CUnknown%7CTWFpbGZsb3d8eyJWljojMC4wLjAwMDAiLCJQJjoiV2luMzliLCJBTiI6I1haWwiLCJXVCi6Mn0%3D%7C3000%7C%7C%7C&sdata=rXPRg9FViKfJ0H5LYA4cSoYW984JxBIt0J4cd4V1G14%3D&reserved=0>



K&L GATES

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February 24, 2023

Via Email and US Mail

Washington State Gambling Commission
P.O. Box 42400
Olympia, WA 98504-2400

Re: *Petition for Rule Change: WAC 230-15-140*

Dear Commissioners:

We write on behalf of Maverick Washington LLC concerning the proposed rule change to WAC 230-15-140: Wager limits for house-banked card games currently before the Washington State Gambling Commission (“Commission”). In particular, we write with respect to the Commission’s legal authority to increase wager limits for house-banked card games from \$300 to \$500 pursuant to the Gambling Act of 1973, RCW 9.46 *et seq.* The Commission has the authority to and should amend WAC-15-140 to account for the change in economic conditions since the wager limit was last increased in 2008.

House-banked card games are authorized under the Act.

Card games are authorized under the Act subject to regulation by the Commission:

The public policy of the state of Washington on gambling is to keep the criminal element out of gambling and to promote the social welfare of the people by limiting the nature and scope of gambling activities and by strict regulation and control . . .
. ***The legislature further declares that the conducting of . . . card games and***

other social pastimes, when conducted pursuant to the provisions of this chapter and any rules and regulations adopted pursuant thereto, are hereby authorized All factors incident to the activities authorized in this chapter shall be closely controlled, and the provisions of this chapter shall be liberally construed to achieve such end.

RCW 9.46.010 (emphasis added). In fact, card rooms or card games have been authorized under the Act since 1974. See Washington Laws, 1974 1st Ex. Sess., Ch. 218 § 1 (authorizing “card games . . . when conducted pursuant to the provisions of this chapter and any rules and regulations adopted pursuant thereto . . .”). House-banked card games are also expressly authorized under the Act, subject to wager limitations set by the Commission:

"Social card game" as used in this chapter means a card game that constitutes gambling and is authorized by the commission under RCW 9.46.070. ***Authorized card games may include a house-banked*** or a player-funded banked card game The card game must be played in accordance with the ***rules adopted by the commission under RCW 9.46.070, which shall include*** but not be limited to rules for the collection of fees, ***limitation of wagers***, and management of player funds.

RCW 9.46.0282 (emphasis added). The Commission has the authority to promulgate rules setting wager limits pursuant to RCW 9.46.070 as follows:

To regulate and establish the type and scope of and manner of conducting the gambling activities authorized by this chapter, including but not limited to, ***the extent of wager, money, or other thing of value which may be wagered or contributed or won by a player in any such activities;***

RCW 9.46.070(11). It is under this statutory authority that the Commission promulgated WAC 230-15-140, which provides that “[a] single wager must not exceed three hundred dollars” for house-banked card games. The Commission can and should amend this regulation and the wager limitation subject to the same statutory authority.

Card rooms are authorized commercial stimulant operators under the Act.

The legislature authorized card rooms such as the ones operated by Maverick through the creation of a class of “commercial stimulant” operators. RCW 9.46.0325 (card games may be conducted by “any person, association or organization operating an established business primarily engaged in the selling of food or drink for consumption . . . as a commercial stimulant to such business . . .”). A commercial stimulant is defined as “an activity operated in connection with an established business, with the purpose of increasing the volume of sales of food or drink for consumption on that business premises.” RCW 9.46.0217. Significantly, the legislature amended the definition of commercial stimulant in 1994 and re-defined it more broadly:

"Commercial stimulant," as used in this chapter, means an activity is operated as a commercial stimulant, for the purposes of this chapter, only when it is an (~~incidental~~) activity operated in connection with(~~(, and incidental to,)~~) an established business, with the (~~primary~~) purpose of increasing the volume of sales of food or drink for consumption on that business premises

House Bill 2382, Sec 1 (1994). When amending this definition, the legislature emphasized that the prior definition "provides that an activity is operated as a commercial stimulant only when it is an incidental activity" and that needed to be changed. HB 2382, House Bill Report, House Committee on Commerce & Labor. It needed to be changed so that there was a clear understanding that a commercial stimulant, in this case card games, need no longer be an incidental activity or primarily there to increase food and beverage sales. Testimony was offered in support of this change because "[t]he commercial stimulant definition is very important." Washington has 2,300 commercial stimulant operators." *Id.* Thus, it was clearly the intent of the legislature to include card rooms, such as those operated by Maverick, within the scope of the Act, regardless of whether gambling is merely incidental to the sale of food and drink. Moreover, the Commission monitors compliance with the commercial stimulant requirement through the in-depth process set forth in WAC 230-03-175.

Finally, it is important to note that these changes in the law took place in 1994, well before the Commission's last wage increase in 2008. Thus, the Commission's decision in 2008, made under the same statutory construct that exists today, clearly gives the Commission authority to recognize the economic changes in these intervening 15 years and increasing the wage limit from \$300 to \$500.

The Commission should continue its practice of increasing wager limits to account for changes in economic conditions.

This is not the first time the Commission has considered increasing the wager limits for house-banked card games. In fact, the wager limit has been increased several times, the last time occurring in 2008 when the Commission amended WAC 230-15-140(1) through rulemaking and increased the wager limit by 50% from \$200 to \$300. See WSR 08-20-025. The amendment was approved and filed on September 19, 2008. *Id.* Applying a cumulative inflation rate of 39%, the \$300 wager limit from 2008 amounts to \$416.86 in 2023.¹ This inflation rate further fails to account for increases to the minimum wage, which under Washington law has increased by 84% since 2008 from \$8.55/hr to \$15.74.² The costs of food and drink, gaming equipment, and payroll have likewise substantially increased during this period.

It is furthermore entirely consistent with the legislative intent of the Act that wagering limits be updated to reflect inflation and the increased cost of economic conditions. In fact, testimony

¹ Calculated using <https://www.usinflationcalculator.com/>.

² See Washington Department of Labor & Industries, *History of Washington State's Minimum Wage*: <https://lni.wa.gov/workers-rights/wages/minimum-wage/history-of-washington-states-minimum-wage>.

was given on this subject when the legislature increased what card rooms can charge in 1994. This testimony noted that the increase was necessary “to keep up with inflation.” HB 2382, House Bill Report, House Committee on Commerce & Labor. The Commission is therefore acting squarely within its statutory and regulatory authority by once again adjusting the wager limit to account for the substantial increase in the costs of operating a commercial stimulus card room in 2023.

We are grateful for this opportunity to share with you our assessment. Should you have any questions or concerns, please do not hesitate to contact us.

Very truly yours,



Michael D. McKay

cc: Eric Persson ep@maverickgaming.com
Vicki Christophersen vicki@christopherseninc.com

Materials from

**FEBRUARY
2023**

Commission Meeting

Lohse, Jess (GMB)

From: no-reply@wsgc.wa.gov on behalf of WSGC Web <no.reply@wsgc.wa.gov>
Sent: Tuesday, July 12, 2022 11:47 AM
To: Rules Coordinator (GMB)
Subject: Request a Rule Change Submission from wsgc.wa.gov

External Email

Submitted on Tuesday, July 12, 2022 - 11:47am Submitted by anonymous user: 24.56.241.117 Submitted values are:

Petitioner's Name: Vicki Christophersen

Mailing Address: P.O. Box 3329

City: Kirkland

State: WA

Zip Code: 98083

Phone: 3604852026

Email: vicki@christopherseninc.com

Rule Petition Type: Amend Rule – I am requesting WSGC to change an existing rule.

==Amend Rule – I am requesting WSGC to change an existing rule.==

List rule number (WAC) if known: WAC 230-15-140

I am requesting the following change:

Request changes to WAC 230-15-140 to update and reflect current economic conditions. Suggested changes for consideration include:

1. Amend requirements to allow a maximum bet at cardrooms of five hundred dollars (\$500)
2. Amend requirements to allow a designated high limit room consisting of a limited number of tables.
 - a. Tables could be limited in the following manner:
 - i. Cardrooms with 1-5 total tables – no more than 1 high limit table
 - ii. Cardrooms with 6-10 total tables – no more than 2 high limit tables
 - iii. Cardrooms with 11-15 total tables – no more than 3 high limit tables
3. Recommend that the single wager at a high limit table must not exceed one thousand dollars (\$1000).
4. Suggested definitions:
 - a. "High Limit Room" means a clearly identified area of the Gaming Facility separated by a permanent, physical barrier or a separate room in the Gaming Facility.
 - b. "Permanent, physical barrier" includes a partial wall, fence or similar separation. Stanchions or similar movable barriers are not considered a permanent, physical barrier.
5. Suggested requirements:
 - a. Access to the tables in a High Limit Room will be

subject to prescreening qualifications and screening process.

b. Require that no customers may participate in gaming in a High Limit Room if they are known to the Gaming Operation to have

a history of problem gambling or currently barred for self-exclusion, or known by the Gaming Operation as demonstrating

significant characteristics associated with problem gambling.

This change is needed because:

Wager limits need to be updated to reflect current economic conditions and customer demand. Wager limits for House banked card rooms have been set at three hundred dollars (\$300) since 2009. In the 13 years since the limit was established, operating costs have increased dramatically. Since 2009, Washington minimum wage has nearly doubled. Additionally, supply change issues and inflation have an impact on revenue. Once a significant driver of revenue and employment at our properties, our food & beverage business is not sustainable on a standalone basis in the current cost inflation environment without the support of stronger gaming revenues.

Tribal compacts have been steadily being amended to increase the wager limits at their properties. This proposal is modeled after those changes and reflects the same protections. Although a small percentage of the guests that visit cardrooms (less than 3%) would take advantage of the increase, these customers are a critical component of financial stability.

The effect of this rule change will be: The impact of allowing higher wagers will allow cardrooms to operate on a more level playing field. This will allow for the preservation of family wage jobs and economic contributions to the communities we are a part of. Additionally, it will provide increased tax collection for our local jurisdictions.

The results of this submission may be viewed at:

<https://gcc02.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwsgc.wa.gov%2Fnode%2F18%2Fsubmission%2F3434&data=05%7C01%7Crules.coordinator%40wsgc.wa.gov%7Ce7997907911b45dced108da6436f0d7%7C11d0e217264e400a8ba057dcc127d72d%7C0%7C0%7C637932484382140670%7CUnknown%7CTWFpbGZsb3d8eyJWlIjojMC4wLjAwMDA%7C%7C%7C&sd=kvwaszgnEUHfsvon4rID3Y7D%2FhtMa2wxMZVYL%2BMvqB4%3D&reserved=0>

WAC 230-15-140 Wagering limits for house-banked card games. (1)

A single wager must not exceed three hundred dollars.

(2) A player may make a single wager for each decision before the dealer deals or reveals additional cards. Wagers must be placed on the table layout on an approved betting spot, except for:

- (a) In Blackjack games, players may place an additional wager next to their original wager when doubling down or splitting pairs; or
- (b) Tip wagers made on behalf of a dealer; or
- (c) As authorized in approved card games rules.

[Statutory Authority: RCW 9.46.070. WSR 21-11-057, § 230-15-140, filed 5/14/21, effective 6/14/21; WSR 08-20-025 (Order 631), § 230-15-140, filed 9/19/08, effective 1/1/09; WSR 07-09-033 (Order 608), § 230-15-140, filed 4/10/07, effective 1/1/08.]

OPTION B

AMENDATORY SECTION (Amending WSR 21-11-057, filed 5/14/21, effective 6/14/21)

- WAC 230-15-140 Wagering limits for house-banked card games.** (1)
A single wager must not exceed (~~three hundred dollars~~) \$500.
- (2) A player may make a single wager for each decision before the dealer deals or reveals additional cards. Wagers must be placed on the table layout on an approved betting spot, except for:
- (a) In Blackjack games, players may place an additional wager next to their original wager when doubling down or splitting pairs; or
 - (b) Tip wagers made on behalf of a dealer; or
 - (c) As authorized in approved card games rules.

OPTION A

AMENDATORY SECTION (Amending WSR 21-11-057, filed 5/14/21, effective 6/14/21)

WAC 230-15-140 Wagering limits for house-banked card games. (1)
A single wager must not exceed (~~three hundred dollars~~) \$300. Provided that licensees may allow a single wager up to \$500 under the following conditions:

(a) All wagering limits greater than \$300 must be approved by us and included in the internal controls; and

(b) Only three house-banked tables may offer wagering limits greater than \$300; and

(c) The licensee must establish a designated space on the licensed premises for house-banked tables with wagering limits greater than \$300. The designated space must:

(i) Be separated from the main gaming space by a permanent structure or physical barrier; and

(ii) Function like a separate gaming pit from the main gaming space; and

(iii) Have a floor supervisor present at all times tables are open for play; and

(iv) Have a gambling disorder informational sign conspicuously posted which includes a toll-free hotline number for individuals with a gambling problem or gambling disorder; and

(d) Verify players are not on the self-exclusion list prior to allowing wagers greater than \$300.

(2) A player may make a single wager for each decision before the dealer deals or reveals additional cards. Wagers must be placed on the table layout on an approved betting spot, except for:

(a) In Blackjack games, players may place an additional wager next to their original wager when doubling down or splitting pairs; or

(b) Tip wagers made on behalf of a dealer; or

(c) As authorized in approved card games rules.

OPTION C

AMENDATORY SECTION (Amending WSR 21-11-057, filed 5/14/21, effective 6/14/21)

- WAC 230-15-140 Wagering limits for house-banked card games.** (1)
A single wager must not exceed (~~three hundred dollars~~) \$400.
- (2) A player may make a single wager for each decision before the dealer deals or reveals additional cards. Wagers must be placed on the table layout on an approved betting spot, except for:
- (a) In Blackjack games, players may place an additional wager next to their original wager when doubling down or splitting pairs; or
 - (b) Tip wagers made on behalf of a dealer; or
 - (c) As authorized in approved card games rules.

OPTION D

AMENDATORY SECTION (Amending WSR 21-11-057, filed 5/14/21, effective 6/14/21)

WAC 230-15-140 Wagering limits for house-banked card games. (1)
A single wager must not exceed (~~three hundred dollars~~) \$500. Provided that licensees may allow a single wager greater than \$500 but not to exceed \$1,000 under the following conditions:

(a) All wagering limits greater than \$500 must be approved by us and included in the internal controls; and

(b) Only three house-banked tables may offer wagering limits greater than \$500; and

(c) The licensee must establish a designated space on the licensed premises for house-banked tables with wagering limits greater than \$500. The designated space must:

(i) Be separated from the main gaming space by a permanent structure or physical barrier; and

(ii) Function like a separate gaming pit from the main gaming space; and

(iii) Have a floor supervisor present at all times tables are open for play; and

(iv) Have a gambling disorder informational sign conspicuously posted which includes a toll-free hotline number for individuals with a gambling problem or gambling disorder; and

(d) Verify players are not on the self-exclusion list prior to allowing wagers greater than \$500.

(2) A player may make a single wager for each decision before the dealer deals or reveals additional cards. Wagers must be placed on the table layout on an approved betting spot, except for:

(a) In Blackjack games, players may place an additional wager next to their original wager when doubling down or splitting pairs; or

(b) Tip wagers made on behalf of a dealer; or

(c) As authorized in approved card games rules.

Madam Chair:

We will next move to petition for rule change with ~~Just Los~~ [Jess Lohse] again, and I believe Vicky ~~Christofferson~~ [Christopherson] from Maverick Gaming and Eric Peterson from Maverick Gaming are here as well.

Commissioner Sizemore:

Eric Persson.

Madam Chair:

Oh, Persson. I'm sorry. I pronounced Eric's last name incorrectly. ~~Just~~ [Jess], I'll hand it over to you.

~~Just~~ [Jess]:

Thank you, Chair. Again for the record. ~~Just Los~~ [Jess Lohse], acting rules coordinator. If you please turn to tab five in your commission meeting packet. Vicky ~~Christofferson~~ [Christopherson], she's representing Maverick Gaming in Kirkland, Washington and is proposing to amend WAC 230-15-140, which is our rule on wagering limits for house bank[ed] card games. And they are suggesting changes to increase the maximum single wagering limit from 300 to 500 for all house bank[ed] gaming tables. Provide that if the licensee has a high limit room, they may increase a single wagering limit to \$1,000 for a select number of high limit tables. They're also suggesting to add a definition of a high limit room, and they provided a suggested definition of a clearly identified area of the gaming facility separated by a permanent physical barrier or a separate room in the gaming facility. They're also proposing to restrict access to high limit tables in the high limit room to only pre-screen[ed] players and players who are not self-excluded from gambling or exhibit problem gambling behaviors.

The petitioner feels this change is needed for several reasons. One to reflect the current economic conditions and customer demand. They also note that wager[ing] limits have not been increased since 2009 and operating costs have increased significantly since then. They noted that the minimum wage has nearly doubled since 2009 and supply chain issues and inflation has had a negative impact on card room revenue. And to keep the wagering limits for card rooms fair and consistent with competitors, specifically tribal casinos, they note that tribal compacts have been steadily amended to increase wagering limits at their casinos. The petitioner feels that the effectiveness [of this] rule change will allow house bank[ed] card rooms to compete on a more level playing field with tribal casinos. The petitioner also believes a rule change will allow for the preservation of family wage jobs and economic contributions to the communities they're a part of. Lastly, the petitioner feels that the rule change will provide increased tax collection for the local jurisdictions they operate house bank[ed] card rooms in.

A little bit of historical background on this rule and related to just the number of tables and house bank[ed] card rooms. To start, RCW 9.46.0282 determines how many authorized tables a house bank[ed] card room can have, which is limited to 15. The petitioner's [is] not looking to add more than 15 tables, rather as they noted in their petition, they're looking at increasing the wagering limits from 300 to 500 with the ability to go up to 1,000 for a select number of tables. House bank[ed] card rooms opened up in 1997, where wagering limits for games were set at \$25. In 2000, wagering limits increased to 100, and [in] 2004 to \$200, and lastly, in 2009, the current limit of \$300. In 2016, the commission received a petition from the Recreational Gaming Association, requesting the commission to increase wagering limits to \$500 that would match the limit of tribal gaming operations at the time.

The commission accepted the petition for further discussion, but the RGA eventually withdrew their request after hearing some commissioner concerns. In January 2022, earlier this year, the

commission received a petition from Tim Merrill with Maverick Gaming, requesting the commission to increase wagering limits from up to 500 with the ability to raise to 1,000 on 25% of the tables, but the petition was withdrawn by Tim Merrill prior to the commissioners taking any action. Staff feels that additional rule making will be needed to address policy concerns, new definitions, and possible new requirements. Under the APA, the commission must take action on the petition within 60 days of receiving it. Your options are to initiate rulemaking proceedings or deny the petition in writing. And I believe Ms. ~~Christofferson~~ [Christopherson] and Mr. Persson are here to give a presentation. I'll stay on the line if you have any questions. Thank you.

Madam Chair:

Great. Thank you, ~~Just~~ [Jess]. Is Ms. ~~Christofferson~~ [Christopherson] here or Mr. Persson? Do you see them as the list of attendees?

~~Speaker 20~~ [Julie Anderson/Director Griffin]:

They were on earlier.

~~Just~~ [Jess]:

I did see them earlier. They had informed me they were planning on being in person. I think Aaron Wong, he's one of their executives, he has his hand raised.

Madam Chair:

Okay. Yeah, I did see a hand raised. Is that Mr. Wong, you said, the name? You can go ahead.

Eric:

Hi. This is actually Eric Persson. I'm the owner of Maverick Gaming. Can you guys hear me?

Madam Chair:

Yes.

Eric:

Oh, thank you. Vicky's walking in. We were under the impression this was happening at 12:30. She's coming into the building right now, so I apologize for the delay we're causing. We just thought this for some reason was coming on the agenda in another hour. So sorry about that. We'll be right there.

Madam Chair:

Okay.

~~Commissioner~~ [Vice Chair] Patterson:

Can I ask a question?

Madam Chair:

Sure. Commissioner Patterson, you a question?

~~Commissioner~~ [Vice Chair] Patterson:

Thank you, Madam Chair. While we are waiting for them, **1** I wondered if staff could remind us of why the petition was withdrawn previously, what the commission's concerns were? We expressed concerns some time ago, I think in 2016, and then a similar petition was withdrawn. Can anyone remind me of what our concerns were at that time? And if not now, I just at some point would like to understand that.

~~Madam Chair~~ [Director Griffin]:

The rule[s] summary states that, for the 2016 petition, the RGA eventually withdrew the request after hearing commissioner concerns about increasing the wager limit and problem gambling.

~~Commissioner~~ [Vice Chair] Patterson:

~~Madam Chair~~ [Director Griffin]:

I'm sorry. I did not go back and read the transcripts from previous meetings.

~~Commissioner~~ [Vice Chair] Patterson:

Okay.

~~Madam Chair~~ [Director Griffin]:

I'm not able to answer that right now.

~~Commissioner~~ [Vice Chair] Patterson:

Maybe it was just generic like that.

~~Madam Chair~~ [Director Griffin]:

I would have to go back and read the transcripts. Sorry.

~~Commissioner~~ [Vice Chair] Patterson:

But then we went forward and raised the limits for the tribes and worked through that. I don't know how... What were our... Okay. Do you remember, Bud?

Commissioner Sizemore:

No.

~~Madam Chair~~ [Vice Chair Patterson]:

Okay.

Commissioner Sizemore:

Not specifically. I do have a question for the chair.

Madam Chair:

Yes?

Commissioner Sizemore:

I know what it's like to rush into a room and be expected to be on point. And that's usually pretty difficult and I see Vicky walking in. Could I suggest that maybe we table this topic and do... I'll put our staff on the spot and not necessarily a petitioner, but maybe we could do the next agenda item first and then come back to this.

Madam Chair:

That was my plan already.

Commissioner Sizemore:

Alrighty. I like it.

[Commissioners move to the Legislative Update at 1 hour and 11 minutes into recording.]

[Transcript resumes at 1 hour and 18 minutes and 14 seconds.]

So now we will go back to petition tab five, which was the petition for rule change from Ms. ~~Christofferson~~ [Christopherson] and Eric Persson from Maverick Gaming. This [Jess] already presented, but he's still available for questions, and we'll go ahead and allow Ms. ~~Christofferson~~ [Christopherson] to... # [do] you want to come to podium.

Vicky:

Absolutely. First of all, let me apologize. We had looked at the agenda and 12:30 was what we had seen, so that's what we were working off of. So my apologies, you guys are being very efficient today. Eric is on his way, I think probably five minutes out. I'll do my best to cover all the pieces. Actually, he might be here. Initially we were planning I would do the introduction and then he would jump in. We have a PowerPoint and what I don't remember... [so] We're good to go. Okay, great. First of all, my name is Vicky ~~Christofferson~~ [Christopherson]. I represent Maverick Gaming here in Washington state, and we have brought a petition forward for the commission to consider rule changing around wager limits for card rooms. I'm trying to see where the PowerPoint... Oh, sorry.

And I'll just say next slide when it's... Great. So I'm going to intro and then you can come up.

Eric:

Okay.

Vicky:

~~Here~~ [There] we go. We'll go to the next slide. I think most people know Maverick Gaming operates 19 card rooms here in the state of Washington. Proud member with Teamster workers in our facilities and an investment of 500 million into the state, committed to the success of the card room industry in Washington state and doing it in a responsible way to make sure that we keep our communities safe. Next slide. Just by comparison, most jurisdictions in this area, this part of the United States actually don't have limits on wagers. We're the only one with one. And to be clear, we are not asking for no wager limits, we're just asking for an update. Next slide.

This is the part I wanted to just briefly discuss and then invite Mr. Persson up to give the rest of the presentation. We wrote the petition specifically with the acknowledgement that it was the commission that will work on rulemaking. Should you choose to open rulemaking, we understand that

will be a robust stakeholder process, lots of discussion about what the appropriate wager limits would be, how to construct those. So what we've provided here is really an outline of the concepts that we'd like you to consider, should you decide to move forward including [opening] rule making. And that is, at what level should the wager limit be? Should there be a high limit area? We believe yes. We'd like to discuss that.

And then the definitions and how you make sure you put the appropriate restrictions and regulations around that. But again, want to state, we are not wedded to these words in particular. We've taken examples out of tribal compacts that have been amended in the last few years with some of these definitions feeling like that's probably a good place to start in looking at these regulations, but really hope today that we can convince you to open rule making so we can start that ~~sequel to~~ [stakeholder] process and bring everybody to the table to figure out the best way to move forward. So with that, I'll hand it over to Eric to walk through the rest of the slides and talk a little bit about why we're here with this request for you. Thank you. Next slide.

Eric:

I'm Eric Persson, the owner of Maverick Gaming. Thanks for your time. This slide just shows that the history of house bank[ed] card rooms in Washington, shows their progression of the minimum wage laws and also how the bet limits increased. [As] I think ~~it~~ was stated earlier that the last time the limits were increased was 2009. And I think that, with the inflation and everything, it's almost doubled since then. It's really hard for me to see the whole slides, I don't know about you guys. Kind of tough thing to admit, but that's really the purpose of this slide. So maybe we'll go to the next slide.

Speaker 11:

There we go.

Eric:

It's a little better. Yeah, we already hit that one. This slide basically just shows... We all know about the pandemic and we all know that it was tough on card rooms and pretty much everywhere else, but it really just speaks to the efforts of Maverick. We're partners with Teamsters 117, we didn't lay anybody off. We kept benefits on through the whole time, even though we were shut down, as everybody knows for some period of time. We're still recovering, frankly. Revenues are just now getting to a place where they were in 2019. But we've endured a lot. And at the same time card rooms are continuing to decline from, I think there's over 100 at one time and now there's actually 39 active card rooms. I know another one just shut down about a month ago. So really just shows you what's going on with the card rooms, what the pandemic did, and what we did to the pandemic, which I think is a little bit different than a lot of other places. And so with that, we'll go to the next slide.

Really, this shows you inflation. And I don't need to speak about a lot. I think everybody's talking about inflation, at least anytime I go on the news, it's hitting everybody and it's making everything harder. There's a lot of wage compression. We're paying more. Unemployment's actually got back to historical low again. We're having to pay more wages, which we happily do, but in relation to that, things that make gaming a little bit different than other commodities is, you can't change the rules and just take people's money faster[, right?]. And you can't force people to bet more. You can, but then at some point there's, "This isn't fun for me. This game doesn't make sense," and you choose not to play. So what happens is you have this commodity, which is blackjack or Baccarat and you have customers who are the consumers who dictate what they're comfortable spending.

And so unlike Tide or food or something else where people say, "Hey, I'm just going to charge more for a hamburger," you can't do that with gambling because if you do, you end up just losing the customer. And that's sort of the tough part we make, but we have this artificial limitation, which is the bet cap is... there are some consumers, not a lot, but there are some consumers who would prefer to gamble more than, say, \$300. And they can't because of the bet limits. And so what happens is, they're left with choices. One is to just bet \$300 with us or go to a travel [Tribal] facility where they can bet up to five or 10,000, even in their [inaudible 00:32:57 high-limit] rooms.

And that's something tough for us to compete [with]. And what it ends up meaning is we just lose high-end customers. And that's sort of what this is about, for that small segment of customers who like to bet more, but just can't. They have the ability to [, the] wherewithal, and so they end up just choosing a different consumer product, which is the tribal facilities where they're allowed to gamble at those limits. And so we can hit the next slide.

This slide is just the same thing. Look, COGS have gone up. It's no secret, everything costs more. And this is a big part of this ask, because I'm trying to figure out, "How do I protect these jobs? How do I help the card rooms thrive, my card rooms and the rest of the card groups [rooms] in the state?" I have a pretty big investment in the state, have a pretty big investment in card rooms, and we're trying to figure out how do we make it be vibrant. We [already] don't have sports betting. It already hurts our business on the weekends, but what can we do? And for us, requesting to raise the bet limits to 500 and [with, like,] maybe three tables at 1,000 was one of the things we could do.

~~We worked~~ [Work] with the WAC[, work] with the rules, ~~worked~~ with the commission and help us compete. And really at the end of the day, all we're trying to do is compete. And we're trying to compete in a marketplace that is saturated with competition. And the competitors sometimes have different rules and different tax structures and just different benefits. But allowing us to at least go to 500 and 1,000 in our high limit will at least give us a fighting chance. And that's what we're asking for. And this is part of the reason, everything costs more. You go back to 2009, nothing costs less and everything costs more. And obviously right now, we're in an exacerbated situation where inflation's obviously in the presence of mind to [of] everybody, but even previous to that labor was costing more, food was costing more. And at the same time, revenues are basically flat. And that's the challenge card rooms ~~have~~ [overall] on a macro level. So with that, we can hit the next slide.

This, again, just goes back to show you, over time we pay more in wages. It's sort of common sense and it's pretty obvious. In 2019, it was 12 as the minimum wage. And obviously in '22 it goes up to 14.49. That being said, some of our wages, depending on the job type, pay a lot more than that. It's no secret an average dealer in our facility, including tips making over 120,000 a year. So these are very good paying jobs and they're important jobs, I think, in this community. And at the same time, the bottom side, so support staff, cleaning, kitchen, where they're closer to the minimum wage, that piece is just going up. And it's one of the expenses we have to eat and we happily do, but it's also one of the ways we have to, on us, figure out how to create more revenue. And that's the reason we're here. So with that, we'll go to the next slide.

And this just hits it another way, showing the CPI, it shows hourly minimum wage. It shows going back all the way to 2008, what the maximum wager could be. It's going up one time, I think, from 200 to 300, but [it shows you] the minimum wage, shows you how everything's gone up ~~with~~ [but] the bet limits. And so I'm hoping today is the day that we get this into rules and we start to work towards it, because we have an overall macro economy that's really making the card room struggle right now. So with that ~~and~~ [we] go to the next slide.

This is wager limit comparison. And so these are just things I already covered a few minutes ago. Card rooms were [at] 200, they got to go to 300. And it shows you over time from 2008 to 2021. And

now it shows you as high as 5,000 ~~are~~ on approved compacts. And as we know, there's another compact that's approved to be 10,000, but yet the card rooms are still at 500. And that's where we have to compete for that small segment of customers who wants to bet more, but they can't. And so they're left with no choice, but to leave our facility and gamble at a ~~travel~~ [Tribal] facility. And that's the challenge for us and that's where we're hoping to remediate today. With that and go to the next slide.

Product offering. I think everybody knows that tribes have a much more complete gambling offering. Facilities aren't comparable. They're going to have hotel rooms. They're going to have slot machines. They're going to have tables. They're going to have sports betting. They're going to have many more restaurants, parking garage. Ours are more like a neighborhood [inaudible 00:37:19]. We're 10,000 square feet and we're 15 table games and bar revenue and food revenue is a significant portion of our revenue. It can even be 30% in some of our cases.

And so we already have limited offers, ~~which~~ we offer table games. We don't offer slots. We don't offer sports betting. We don't offer a lot of the other gambling products that are allowed in the state, but what we do have is tables. And so this place where we have to cross over and compete directly with other competitors, we're forced to compete with people who have much larger robust offering in gaming than we do, and also much higher limit, which doesn't allow us to compete with the [same ...] ~~segment that~~ you know it's pretty lucrative and it's important to both the tribes and important to us. And of course important to the consumer because they're not allowed to choose us if they want to bet more than \$300. With that, you can go to the next slide.

This just shows you, how much are we really talking about? Basically 97 and half percent of our customers, their average bet's going to be under \$300. In fact, it's going to be significantly under \$300, but it represents 80% of our overall revenue. That next two and a half percent of the customers who bet \$300, they represent 20% of our revenue. And this shows you the impact of the top segment. And it shows you that what that bet constraint does, because if we're able to generate 20% of our revenues with two and a half percent of our consumers, knowing that we already don't get a lot of those consumers who want to bet more than 300, it can be very important and meaningful to the jobs, to the card rooms in the state, to all the support staff who work in Maverick Gaming, and to our companies and to our competitors ~~and~~ [in] the card rooms as well. We should have a chance to compete for that consumer that the tribes are having a monopoly room. And with that, go to the next slide.

And this just shows you the last thing. It's a very small [inaudible 00:39:23] customers who bet more than 300, it's two and a half percent, and it shows you the meaningfulness of those customers. But it also shows you when you think[ing] about one of the responsible things to talk about, and this is responsible gaming. And sometimes there's a misperception that, if people bet more, they're more likely to be problem gamblers. It's not really true at all. If you look to the data and you look at the customers and you look for people who self-exclude, the average self-exclusion person is going to bet less than \$75. What they have is other challenges in their life. They've lost their job, or maybe they'd have an addiction problem or whatever it is, but it's not directly correlated to the \$300 bet or to the wage[r] at all.

In fact, most of the customers who bet more are not the people [who] end up excluding themselves, they just have more discretionary income. And so it's incumbent on, I think, all of us. The gambling commission all the way down to Maverick, and we're a cheerleader, we're the biggest supporter of responsible gaming in the state of Washington. I think that's no secret and we're all about it. And so what we propose, we think it's a pretty modest request. We don't offer credit like the tribes do, so these are cash paying customers, I think which also helps remediate problem gaming issues because people don't get extended on credit in which case they can't get out. But it's very important to

us that you [sorta] size the consumer we're talking about. We think it'll probably add three or 4% to our consumer database, but it'll be very meaningful to us. So with that, you can go to the next slide.

This shows you, in detail, what I was just talking about. We have seven players with a bet of \$300 or greater. We have 104 people that was under. And so you got basically 99.8% of the people bet under 300. But if you were to break this down even further, I think it's 80% bet less than \$75. And so if you take a look at the total overall active database, we're not talking about an extra two or 300 customers per property. We're talking about 10, 20 players who can potentially come in with the ability to bet more. But those consumers sold 80/20 business in rule, could be very meaningful to us we were able to compete and get them to choose our property versus our competitor's properties. So with that, you can go to the next slide.

And this is responsible gambling. Look, we have linked all of our card rooms. If you self-excluded one of our properties, you self-excluded all. The gaming commission is very close, I think, to enacting an overall program where all the card rooms will be linked. So if you exclude yourself in one card room, you've excluded from all card rooms, whether the[y're are our] companies or not, which is great. Hopefully the next step is the tribes will plug into that and if you exclude yourself in the ~~travel~~ [Tribal] facility, you'll exclude yourself in card rooms[, which is]#s not currently the case. I'm not sure why not, because I don't think that if someone has a problem gambling issue at any casino, another casino should probably want them.

We're the biggest partner to Evergreen Council on problem gambling. And we have extensive training to identify problem gamblers and to get to them before gambling becomes a serious issue for them and their family. And that's what this slide's about. Next slide.

And this quantifies what we think will happen if, in fact, we were able to get the wager limits we're requesting today. We think that there'll be a lift of maybe on a macro level, across our 19 properties, about \$4 million, which would be result in another 400 in tax. If you take a look at the total of this, it ends up being around \$6.6 million after about a predicted seven and a half percent growth in high end play, resulting in about 660,000 in taxes. So if you take a look at 19 properties, 6.6 million, you're looking around 330,000 property, which is very meaningful to a card room. When a card room makes on average between, I'd say, 702 million of total EBITDA, it could be substantial for at least smaller card rooms, not just myself. With that, you can go to the next slide. I think that's it, I guess.

Vicky:

I'll just close out and then if there are questions... Again, just to reiterate, the rule making process, we're not asking you to take a vote on a particular wager limit or a structure for that today. We are asking that the commission embark on a rule making process to have that discussion and include everyone in that to arrive at the right change in wage[r] limits. The other thing I would add that we have left out of our slide and we want to put it back in there is, we haven't talked about the increase to the problem gambling account at the state level.

As you know, we pay an extra B&O tax that goes into the problem gambling account. Obviously an increased wage[r] limit will increase revenue- into that account. And we know that there is potentially still a shortfall for problem gambling in the state. And that's something that Maverick is very committed to working with the commission and the legislature to make sure that account is fully funded, and we hope to be a partner in that work. I had one last thing, but- it's flown out of my mind. Anyway, we're happy to answer any questions and thank you for consideration today.

Madam Chair:

Great. Commission Patterson, do you have a comment about that list?

~~Commissioner~~ [Vice Chair] Patterson:

I have a comment and a question. The problem gambling task force, I'm guessing that within the next month or so, will be able to provide the public with data that will indicate that the amount that's currently being invested in problem gambling is not adequate to meet the need in order to treat people with their addictions or to prevent. We can stand behind that with data that we have collected from a prevalence study that was done, and that information is going to be presented probably within a month or so. I might be wrong about this, so don't quote me, but it's possible that it might indicate that we may need to actually come close to doubling the amount, which is currently being invested in problem gambling. And I wanted to let you know that I'm hoping that the state legislature will work with you, and I'm hoping that you will be cooperative and open to that proposal that that increase occur. You don't have to say anything, but I just want to say that publicly.

Vicky:

I would like to say something publicly, because I know I speak for Eric and everybody at Maverick, that that is a top priority. Eric said to me once when I first took this client on, "I don't want a problem gambler in my seat [casino]. It's not the customer I want. I want somebody who's going to come enjoy a couple hours in the card room and have a good time with their friends." So it is 100% a commitment of ours and that's why Maverick was the first to institute a systemwide self-exclusion program. And we absolutely stand ready to work with the commission and the legislature to make sure the funding is adequate and play our part in that, for sure.

~~Commissioner~~ [Vice Chair] Patterson:

Appreciate that. And again, I just want to make sure I heard you correctly. You're saying that if someone excludes at one of your casinos, that they are excluded across the state of Washington?

Vicky:

For all of our casinos, at this point. And there was legislation a few years ago that would've required the statewide self-exclusion, and we've supported that since day one. And I know there's continuing work on that, and we hope that we're very close to a systemwide self-exclusion that includes ~~travel~~ [Tribal] properties and private card rooms so that we cannot have people shopping who have a problem.

~~Commissioner~~ [Vice Chair] Patterson:

Which is what they do.

Vicky:

Yes.

~~Commissioner~~ [Vice Chair] Patterson:

All right. Thank you, Madam Chair.

Madam Chair:

Great. Thank you for the presentation. I just want to say for me, personally, I appreciate the fact that you came in and aren't stuck to the numbers that you put forward, that you understand this could be a

conversation that were opening and moving from that. And [in] that same line, one thing that I'm not really appreciative, I guess, is the continual comparison to what the tribes have, because I just think these are two totally different things. The tribes come under IGRA, they have a different negotiation process. And I get maybe, from your perspective, it is competition, but that's just not how I'm going to look at this. This is something totally separate of what you might get and then what the tribes have. These are not conversations for me that are going to be productive if we continue with that [sort of] comparison game of, "Look what they have, look what they have," because that's just not ~~the~~ where I'm at on this.

But for me personally, I am open to potentially having that further conversation and understanding. And just so everybody is aware, not saying we're going to do this, but if we did open rule making, that doesn't necessarily mean anything. We have time to then go over everything, get together with stakeholders. And at the end of it, we could not pass anything or we could prove different numbers just so we're all on the same page there. So now, are there any other comments or questions from commissioners ex officios? Oh, Representative ~~Cloba~~ [Kloba].

Representative ~~Cloba~~ [Kloba]:

Yes, good morning. Thank you very much. I appreciate the opportunity to add a comment. And I'm very gratified to know that your support of the self-exclusion concept and being more broadly applied, very glad to have that. And just wanted to update you that we do, in fact, have that system fully operational now. And we've had people doing the self-exclusion across all of the non-tribal gaming and just wanted to make sure that you knew that tribes do have their own self-exclusion systems and they fully have the opportunity if they so choose to engage in the statewide self-exclusion, but as sovereign nations cannot be compelled to do so, that is something that I think we will continue to make it friendly. There are some infrastructure, like computer IT infrastructure hurdles that we have to get over before I think that that would be entirely practical, but certainly conversations that we are always open to.

And then I had a question if I may, Madam Chair. I represent a very small slice of Kirkland, not where one of your card rooms is located there in the Kings Gate area, but I noticed you were saying you're headquartered there in Kirkland and you have a number of corporate entities listed on the secretary of state's office. And many of them, which are headquartered in Kirkland are foreign limited liability corporations, like your Maverick Caribbean, Maverick Gold, Maverick All Star, Maverick

American, Indianola, Kirkland Two, Kirkland, all of those as foreign LLCs. **2** And I don't know enough about corporate structure to understand the difference between a foreign LLC and just a regular LLC. So can you help me out with that a little bit?

Eric:

Maverick Gaming is an overall company that has 27 casinos in three states. Our headquarters is in Kirkland, Washington. All of our LLCs are domestic LLCs, meaning that they're all based in the United States, all of them. And the LLCs are likely to be individual to each card room, basically for liability reasons. But they all roll up ultimately to our parent Maverick Gaming, which is based in Kirkland, Washington, whether they're casinos in Nevada or whether they're casinos in Colorado.

Vicky:

And what I would add to that and the commission staff could probably assist as well, but in order for any of these entities to be licensed in ~~of~~ [the] state of Washington, they have to do pretty specific and detailed forensic financial information and the gambling commission has to approve that. Be happy to

look further into what you're looking at, but you can feel safe knowing that these are all companies located here, Washington, Colorado, and Nevada, and the headquarters of Maverick Gaming is right there in Kirkland and happy to have you come visit our corporate offices anytime. To the first comment about self-exclusion, I did want to add, I completely understand the logistical hurdles. Still, for us, we would like to know if somebody self-excludes, let's say, at Emerald Queen so that we [don't] let them into our card room.

That's our ultimate goal and we'd like them to know as well when we self-exclude. And I liken it, Representative ~~Cloba~~ [Kloba], you might remember this. It's been a little over a decade or so ago when hospitals all came together with the state to work with the state to create a centralized prescription drug monitoring program, meaning all the hospitals are linked now through electronic systems. So if somebody is prescription shopping for opioids and they go to Valley Medical Center and then go over to Swedish, that is something that they know at Swedish. Those are different entities with different structures, different IT, and they were able to work it out. So from our perspective, that's something the state should be able to work out with our partners in the tribes and with our card rooms so that we can make sure we're keeping people with problems gambling out of all gambling activity in the state.

Representative ~~Cloba~~ [Kloba]:

Yes. And as the sponsor of the bill that created the system that is, as you all [well] know, a goal of mine as well, and again, with the IT infrastructure challenges that we have, it's helpful to remember that we are far behind the hospital and medical industry in terms of electric medical records. On their case and in our case it would be just a self-exclusion record, but we will continue to move along that spectrum and invite our tribal partners to work with us.

Madam Chair:

Okay. I see another hand raised, but I'm not sure who it is yet. Commissioner Lawson.

Commissioner Lawson:

Yes. Thank you, Madam Chair. I am like everyone else, I think, on this call, very sensitive to the concerns with inflation and the increased costs of doing business right now. And I appreciate the information that petitioner has provided. What I'm missing though is, under RCW 9.46.0325, social card games are authorized for a business that is primarily engaged in the selling of food or drink. And so I know other restaurants are also dealing with these pressures from increased costs of goods and increased wages. So they've had to compensate by increasing their prices to handle those increased pressures.

My question then is... How do I put this? **3 a** Wouldn't it be sort of special treatment to the house bank[ed] card rooms if you're allowed to keep those food and beverage prices low by subsidizing it with the increased wager limits where everyone else that's also a restaurant that doesn't have the card room experience available in their restaurant is having to raise their prices anyway? And then along those same lines, **3 b** also under RCW 9.46.0325, and this is echoed in WAC 230-15-005, card games are meant to be a commercial stimulant. But the information that I'm seeing here looks more like it is that the wager limit is not being asked of us to stimulate your food and beverage business. It's being asked to offset the costs or to subsidize your food and beverage business, which I don't think is the intent of the legislation. So would you like to speak to that?

Vicky:

Yeah. I'll start and then I'll let Eric speak to the specifics on the pricing. Here's the deal. The max wager was \$200 for all those years. And now we're at 13 years ago, the commission [saw fit] [inaudible 00:57:03] that to adjust it based on the economics of the business. And so we're back 13 years later to ask the commission to consider adjusting it again. It's been something that the commission has done to account for the change in business over that time. You are correct, it is a commercial stimulant and I'll let Eric speak to the specifics on pricing. But it is also a robust business and we have to draw customers in. And that is where we are. It's been 13 years since it's been raised and we're asking for the commission to take the time to look at what the appropriate adjustment would be after that 13 years. You want to speak to the food prices?

Eric:

Sure. Our food and beverage prices, I think, along with most everyone have increased over 20% year over year, subsidizing. That's one of the areas in our business where we're able to actually charge more for beer or charge more for the food that we get. What we need is more people in the building who then will buy food and buy alcohol and spend more time in our facility. And so you can't just charge more to a gamer who comes to gamble because they get to choose the amount that they want to wage[r]. And you also can't just arbitrarily change the rules so you just take people's money faster. One, it would destroy the gaming experience, you'd probably lose your customers anyway. But two, you have to have obviously a fair game for your consumer. So by allowing a particular small segment of customers to bet more who want to bet more, we expect to see an overall lift corresponding to the seven and a half percent increase in our food and beverage as well throughout our ~~home~~ [whole] facility.

And so the food and beverage revenue is very important to our facilities. Like I said earlier, it can be upwards of 30% of our revenues in the building. And that has to do with the size and scope and scale. We're about overall across all the card [room]s, we're a 50 million [dollar] business compared to other ~~travel~~ [Tribal] facility, it'd be 2.2 billion. So we're much smaller. And so at the end of the day, we need to figure out a way to get every consumer we can into our building and compete in the ways that we can compete. And when I say compete, I'm not necessarily talking about competing with tribal facilities. What I'm saying is compete for a consumer who wants to gamble more, compete for a consumer who'd like to find a reason com[e into] ~~ing to~~ our building. That's ultimately what we're trying to do.

How do we find more people to come and spend more time in our facility? And we were thinking bet limits is one of the ways that we can do that. And so that's why we're requesting this because we're trying to have a robust, healthy card room to support the 80% of our business employees who work on the gaming side. And those jobs are important to us, they're important to the state. I think they're important to their families and everybody else. And so they're important to me because obviously I'm a [in] business for profit, hopefully. And ultimately I have 2,200 team members who have, I don't know, three or four family members as well, and it's very important to them. We don't subsidize our food and beverage so that we can get people to gain. We actually had to raise our price in food and beverage. We're just trying to identify new consumers who'd like to come in and ~~be~~ [bet] more and allow them a chance to [inaudible 01:00:18] come to our facility].

Vicky:

And unfortunately, we've seen a lot of restaurants that have had to close their doors because of the increased costs. Luckily, we haven't laid off a single person, even though we were closed for all those times. The cost of operating the tents, which many of you will remember the tents, cost Maverick about \$735,000 a month to keep those tents open. And that was done to keep our employees in their jobs, to

keep the business going. Because as anybody knows who's ever been in a business, if you shutter, it's really hard to reopen. So it's all about the commitment to keep these jobs, to keep the businesses whole and allow us to continue to provide that neighborhood experience to our consumers.

~~Representative Cloba~~ Commissioner Lawson:

Thank you.

Vicky [Madam Chair]:

Okay. Senator Conway, I believe you are next. You might be muted.

Senator Conway:

I muted, I see that. Can we have the slides that you presented made available to us? I thought they were very interesting. If you can give those out to us... It's hard for me to read the slides on these screens.

Vicky:

Yeah. I think they were in your packet, but we will also forward them, for sure.

Senator Conway:

Okay. If you'll forward those to us, that'd be great.

Vicky:

Yeah.

Senator Conway:

The other question I have is more for staff. And we know that the wager limit has been raised in some tribal casinos and not all. That's what the compact process has been, is [it's] not generic. It's really been specific to the compacts of particular tribes. And I'm curious how back in the late parts of this...

4a When we move[, increased] the wager limit to 300, did we do that through legislative work or was that done through the gambling commission? And did it apply to all gambling establishment? What is the history of the increase in wager limits that seemed to apply to everyone in the late period of this century or in, what is it, 2007 or '08, whenever that was done, how did we do that?

And how does our process differ today in terms of raising wager limits? Because that's an objective question, really, for staff. Because I think that right now our wager limits have been going up in our compacts, people are embracing by different tribes, these wager limits are going up. So it's not across the board in any way. And I'm just curious, how did we do this in the late part of the 2007 and '08? Do you remember, Tina? I guess that's a question for you or Julie. One or the other.

~~Speaker 8~~ [Director Griffin]:

Thank you, Senator. I can't speak to the timing, but the raffle wager limit is set by statute. And the punch for- [board/]pull tab wager limit is set by statute. Those are the only ones that are coming to my mind at this particular moment.

Senator Conway:

The card rooms were allowed to move to 300 in that period of time, I'm just curious how it was achieved. In their presentation, they point out that they got the same increase in that period of time to 300. Was it by legislative action or was it by... How was it achieved that? Sorry, I don't have a memory of it. I've been around a long time, but it would be interesting to know ~~could~~ [because] we increase the betting limit to \$300 and how did it happen?

~~Speaker 8~~ [Director Griffin]:

Okay. The house bank[ed] card room increase to \$300 would've been by rule.

Senator Conway:

Was by rule.

~~Speaker 8~~ [Director Griffin]:

Right. There is no wager limit for house bank[ed] card rooms in statute.

Senator Conway:

Right. And that applied also... Was compacted as well, it sounds like.

~~Speaker 8~~ [Director Griffin]:

Tribes... Just a moment, sir.

Senator Conway:

You don't need to answer the question today, but I think it is an open question as to how we got everyone to 300 at the same moment. And I'm just curious... We got recognized and not all tribes have the \$500 betting limit. Am I right on that?

~~Speaker 8~~ [Director Griffin]:

No. If I may, the \$300 was raised in 2008, 2009 for house bank[ed] card rooms by rule. It's my understanding that, and I'm trying to pull it up, the wager limits for ~~class three~~ [Class III] gaming activities, that is all set by compact first and foremost. And I believe that was set then in the original compacts as early as 1995 at \$500 limits. So we've only started increasing those \$500 limits through negotiations within the last few years.

Senator Conway:

Right. And it doesn't apply to all the gambling in this state either, does it, for the tribal gambling? They have the ability to do that if they choose through compact associations.

~~Speaker 8~~ [Director Griffin]:

Right.

Senator Conway:

4b If you can do me a favor and re-look at the history of when this happened, I'd be interested. We did raise the wager limits for the card rooms at one point, so let's figure out how we did it and why. I

think the request here to go to 500 is not something that's universal. That's my assessment anyway. Of course, the other piece of this that is interesting to me is that we've raised wager limits in conjunction with raising contributions on problem gambling with our tribes. And so they have been okaying that particular compact. So I think it pays all to try to think about wager limits, not as it has happened in our state. So with that, I'll look forward for a more conversation on that. Thank you.

Speaker 8 [Director Griffin]:

I have pulled up some information here if I may continue. I believe the statute went into effect in around 1997, 1998, establishing house bank[ed] card rooms. I wasn't in [L]icensing at the time, but I do recall that it took a period of time for those to get open. My information in front of me indicates that new house bank[ed] card rooms around 2000 had wager limits at \$25 where they experienced the ability to have \$100 wager limits. And then there was a rule change in 2004 for limited tables at 200. And then the most recent rule change 2008, 2009 increasing from 200 to 300. So that's just a brief summary of the history for wagering, all set by rule for house bank[ed] card rooms. Tribal would all be through tribal negotiations, \$500 being set at the time in 1995. And all tribes at this time that have not entered into the higher wagering appendix that nine tribes have, the other 13 are operating at \$500 limits. Thank you.

Madam Chair:

Commissioner Reeds [Reeves]?

Commissioner Reeds [Reeves]:

Thank you, Madam Chair. I have a couple questions if you'll indulge. And I asked these questions in the context of my background working in national security efforts and government[-to-government] relations as well as being an economic developer. One, I just want to say thank you for bringing the economic impact information. I think one of the things that I would like to request further understanding on, which is why I'll be voting to move this to rule making, because I think asking our staff to do this work with you all without the authorizing environment creates an undue burden on our staff who's already tasked with a lot of work, but would like to understand the difference, quite frankly. Tribes in my mind are a government to government much like when the Department of Defense negotiates with other groups, they're not negotiating against their best self interest.

And so I think much like Commissioner Levy said, I don't think of tribes as your competitor because I don't think they're regulated on the same level or in the same way that we are regulating a

private for-profit industry. **5** So one of the questions that I would have for you all is a better understanding when you talk about both inflation, are you tying this request from 300 to \$500 to change [chain] inflation? Because at the current change [chain] inflation rate, the CPI rate, it would only equate to \$398 rather than \$500. So just curious to understand how you got from three to five.

6 Secondly, understanding your tier one, tier two, tier three supplier impact. So we talk obviously as an industrial base that, Mr. Persson, you describe it as wanting to bring more gamblers into your establishment with a recognition that Commissioner Lawson just highlighted, the RCW that really says that this started as a supplementary activity for restaurants and beverage organizations.

So one of the questions I'd like to understand is in that impact, that economic impact that you're talking about, you've done a great job of identifying how many workers this impacts, inflation rates, all

of that. What I guess I'm not seeing in your ripple impact is what those tier one, tier two, tier three suppliers look like and what that ripple into these communities really means when we use that language. So we'd [would] love to see some of that. And again, I think this will come out in the course of rule making conversation. And then the last question that I have for you all, and this is more directed to staff, but in the short time that I have been on the commission, it seems very much to me like we actually have three categories of gaming institutions here. One being tribal institutions, which again, are government to government tribal sovereignty regulated for the purposes of their economic wellbeing.

It seems to me like somewhere along the line, we shifted from really focusing on that restaurant retail, organizational base with a supplementary card room, or card activity, punch boards, whatever, to now actually having a full blown gambling industry. So kind of a second tier, if you will. And **7** I would love for staff as we go through this rule making process to identify those establishments that really market themselves as card rooms first versus the establishments that market themselves as bars. And an example, I use, I have a small local establishment that I go into in Federal Way called Scoreboard. And it markets itself as a restaurant bar retail space. It does not necessarily publicly market, "Come here for punch boards, et cetera." But when you go into the establishment, you then find there are punch boards and other gambling activities that you can participate in.

Whereas I think about places like the Silver Dollar or others where they're absolutely marketing themselves as a gambling establishment first, and then you go in and you can find out you can have Coke and Pepsi and all of that good stuff. So I guess I would really like to also use this rule making process to [understand] more distinctly where that division between restaurant and retail with a supplementary gambling activity versus a gambling activity with a supplementary restaurant in retail. Because I think that distinction needs to get made somewhere in this rulemaking process as a determination for how we're actually driving economic output and regulation around economic output in the conversation. Does that make sense? I hope I explained that okay.

~~Speaker 8~~ [Vicky]:

I'll step in on your questions and data interest and I share that interest and I appreciate, Commissioner... I think we view this again as the beginning of a conversation and have provided some basic information around wage increases, inflation, cost of goods. So all those things as part of the basis for asking the commission to move forward with this conversation. Everything you're talking about and the details that need to be explored further, that's exactly what we hope we can embark on with staff and with the commissioners and all stakeholders as we hopefully go forward with the rule making conversation. So appreciate all those. I think they're really good questions.

Madam Chair:

Commissioner Patterson.

~~Commissioner~~ [Vice Chair] Patterson:

I just want to say that I do think that, when the state of Washington negotiates with sovereign entities, when they negotiate with the Canadians over the border about, I don't know, fish or when they negotiate with the state of Oregon and work with them with regard to the impact of our different tax structures, or when they work with our [sovereign] Native American nations, I do think that it is relevant for the state of Washington to be considering how those negotiations impact their small businesses. I've been listening carefully here. I look forward to more conversation about that.

Madam Chair:

Commissioner Sizemore.

Commissioner Sizemore:

Good discussion, for sure. And I suppose as much as I've talked the last eight years on this commission, I'd probably better talk on this issue as well. And I'm not even sure if there is a question at the end of this, but I'm having a little bit of trouble with some of the comparisons or some of the rationale. In my mind, the rationale to initiate rule making is that the last time it was raised was 13 or 14 years ago. So that, in my mind, is probably adequate for us to take a look at the topic. Where I run into a little gritting of my teeth is, I look at our legislative declaration that talks about limiting the nature and scope of gambling activities by strict regulation and control.

I'm going to bet that the slide that showed California, Colorado, Nevada in comparison with Washington probably don't have that same legislative declaration. And I believe that legislative declaration there and the entire statute set of statutes determine how this commission can move forward and what we can and can't consider. So for me, I want to make sure that we're making these decisions or are given evidence to try to come to a new level of wagers that it's with the legislative declaration in mind. Cost of goods sold is, yes, going up for everyone. We understand that, but for me, it's not super compelling as far as why we should do this, because the rest of the food and beverage industry has those same sort of things. I understand that.

I look at when card rooms were okay. And you know what, from what I can tell the legislature didn't push back at the creation of them. And I think when they started, they had very low limits. And it ballooned up pretty substantially from what those initial limits were from what it started to 300 that's... And again, this is where you get into selection bias of the data. You can make things look really positive or really bad based on the data that you select to highlight. So I am supportive of going ahead and initiating this rule making, but **8** I want, for me, to be convinced it's going to require to fit within our legislative declaration and for the legislature to essentially indicate that they're supportive that we're still within our statute.

And I think that the legislature has done that to this point because they haven't passed a law or whatever to limit our ability to do this or consider a wager increase. So I'm supportive. I definitely want to make my decision based on some other things that aren't here. And I would imagine you all will be back. My old friend, Victor Mena and other operators will be back, because this is not just Maverick Gaming. This is all of the [inaudible 01:20:01] industry. I look forward to more conversation, but I may need some convincing before I can get there.

Madam Chair:

Great. Thank you, Commissioner Sizemore. Do we have any other commissioners or ex officios comments, questions? Okay. Is there any public comments? Is there anything in the email?

~~Speaker 11~~ [Barry Murray]:

I would like to make a [inaudible 01:20:34].

Madam Chair:

Yep, please.

~~Speaker 11~~ [Barry Murray]:

Do you want me to go up there or just do it right here?

Madam Chair:

I think you go up here, yeah.

~~Speaker 11~~ [Barry Murray]:

It's a small room so I could go [inaudible 01:20:41].

Madam Chair:

[inaudible 01:20:41] be on camera for everybody with a microphone up here. And if you could state your name and who you're with as well.

~~Speaker 11~~ [Barry Murray]:

Thank you, Madam Chair, commissioners, ex officios, representative, senators, everybody. Appreciate the moment to just express our support for this rule making going forward. And Eric, Vicky, Mavericks-

Madam Chair:

Can you identify yourself?

Barry:

Oh, I'm sorry. Barry Murray. I'm the owner's liaison for the Iron Horse casino.

Madam Chair:

Thank you.

Barry:

And again, echoing what the points they made, whether it's costs, I think I mentioned to Director Griffin this morning that I can't hire a cook for less than 22, \$23 an hour at this point. And it's becoming very challenging. Staffing's challenging everywhere, let's face it, but this is a nice step moving forward. And so we just wanted to echo the support for this moving forward. Thank you.

Madam Chair:

Thank you. Is there any other public... Okay. Tony Johns, I think your hand is raised. You might be muted.

Tony:

Okay. Can you hear me now?

Madam Chair:

Yes.

Tony:

Okay. Hi, my name is Tony Johns. I'm coming to you on behalf of Evergreen Gaming. I'm the general manager at both Chips and Palace Casinos in Lakewood. I just wanted to come to you and let you know that on behalf of Evergreen Gaming, we do support this rule change and really to echo what the representatives from Maverick are saying, with the increased costs of wages, the skyrocketing increases and inflation, really, it's become a challenge to kind of keep up with... Competitive wages is really what it comes down to from our perspective. We talk about competition, certainly when it comes to the tribal casinos from our perspective, when we talk about competing, we're talking about for similar jobs, similar positions.

Floor supervisor wages, wages with cooks, security staff, surveillance staff, that's where we see the competitive end of things, where we have to compete to be able to offer higher wages or competitive wages to those staff members. And that's where a lot of our challenges fall. So really, that's our take on that. And certainly we support the thought of bringing this petition forward for further discussion to really iron out the details and come to what everyone can agree is a workable solution to a lot of these problems that we face. And really, just dial in the details where everyone is comfortable with a wage increase, whatever that ends up looking like. And I thank you for your time.

Madam Chair:

Thank you. Is there any other public comments? Is there any [in]email? No? Okay.

~~Speaker 14~~ [Julie Anderson]:

Excuse me. We did have an email come in this morning. It was from him. We received an email from Mr. Johns this morning and he basically said everything that we have in writing. I can read it into the record if you want me to.

Madam Chair:

Oh, yes please. [Read it into the record.]

~~Speaker 14~~ [Julie Anderson]:

[inaudible 01:24:55] read it into the record? Okay. Tony Johns, general manager of Chips Casino and Palace Casino sent a letter through our website and it says: "Evergreen Gaming wishes to support the submitted rules petition requesting that the maximum wager limits be increased to \$500 and 1,000 limited to no more than three table games. Evergreen Gaming believes that this rule change is necessary to continue to keep up with the increasing wage growth and skyrocketing inflation. Evergreen Gaming wishes to remain competitive with its pay and benefits offering throughout the food and entertainment industry. The \$500 table limits will play a vital role [role] in doing this and the \$1,000 limits on up to three table games will allow us to provide a desirable option to the top 3% of guests who currently go out of state ~~work~~ [where] comparable limits are [inaudible 01:26:03]." Run on sentence. "We thank you for your consideration for this rule change and look forward to participating in future discussions on how to implement the most effectively in a way that promotes safe and responsible gaming."

Madam Chair:

All right. Thank you. Okay. I think that wraps up public comments. So we can now go to a motion, if there is one.

Commissioner Sizemore:

I'll make a motion. I move to initiate rule making proceedings regarding wager limits for further discussion.

Madam Chair:

Okay. Is there a second?

~~Speaker 8~~ [Vice Chair Patterson]:

I'll second it.

Madam Chair:

Great. Any discussion on a motion? Commissioner Lawson.

Commissioner Lawson:

Yeah. I would prefer to see a petition that is more narrowly tailored to the specific needs of the business and that addresses the legislative intent and the legislative declarations that we have from our state legislature in the statutes. I think a more narrowly tailored position would really help us focus our further discussion on rule making, because this petition that's been submitted appears to me to be more at an everything-including-the-kitchen-sink petition with a specific theme, we'll say, of wanting the gambling commission to level the playing field with tribes where that's not necessarily within our purview because of the...{very unique relationship we have with tribes ~~end up in getting~~ [under the Indian Gaming] Regulatory Act. And so I would prefer to see a more narrowly ~~bracket~~ [drafted] petition from the petitioners.

Madam Chair:

Ok, thank you. Commissioner Reeves.

Commissioner Reeves:

Thank you, Madam Chair. So I think just in terms of comment, I want to make it clear at least my position ~~again~~ I, I do not like that we are, that it has been referenced that this is competition with the tribal market, and I just don't see that, at least [in] my personal opinion, [as who] ~~to~~ our competitors in this particular market are. I do believe that, as a regulatory agency, independent of what tribes, what our government[~~-to-~~]government relationship is [with Tribes], ~~we've tried~~ it is our job as a regula[tory] ~~rate~~ agency to regulate ~~the~~ [this] private sector market as a directed [in statute] ~~and thought you~~ and to really think about the economic impacts that it's having in community.

I do think that, in this rule making process, **5** I would like to see staff as I, as I mentioned, really take into consideration the economic factors. Things like raising the ~~major when it's~~ [wager limits] based on ~~change~~ [chain] inflation. **6** Thinking about how the tier one, tier two, tier three suppliers are impacted by ~~that~~ [this]. And then I really would like staff as part of this process to be thinking about the fact that I do think the commission needs to play a role in partnership with the legislature in redefining this this ~~after~~ [effort.] I really do think somewhere along the way we lost sight of the fact that it was not the legislature's intent for card rooms to market themselves as card rooms first and as restaurants and bars second, but rather the other way around. And so ~~we'd~~ [would] really like us to be thinking about as we

go through this weight or [wager] limit our conversation, ⁹ what are the triggers? What are the strings, if you will? What are the centers of influence that should determine, beyond the economic factors, when and why we raised the limits in card rooms or Huffman cover [house-banked card rooms]. And so I leave those three items again, want to just think [thank] the petitioners for their thoughtful discussion leading up to the the [this] petition today and for their willingness to understand our staff needs and being able to engage in the log [this dialogue].

Madam Chair:

Thank you. Commissioner Sizemore.

Commissioner Sizemore:

Thank you, chair. So I want to thank my ~~my~~ [fellow commissioners] Reeves and Lawson for their comments and perspective and, and I couldn't agree more, I think, on the tenor of what, what they're proposing. I would like to point out that my motion was intentional to not say "as proposed by the proponents," but simply to bring it around to the topic of wager limits.

So I think I think our staff is going to need we need to initiate rule making for them to invest the time and energy to do the research, engage the stakeholders and partners and bring forward, you know, potential proposals. So for that reason, I'll be supporting the motion, and I ask for support from the rest of the commissioners and realize that, yes, I am not suggesting that what was proposed should be ~~or~~ [our final product.]

Madam Chair:

Thank you. [I see Commissioner Lawson's hand.]

Commissioner Lawson:

Thank you. Commissioner Sizemore can you restate for us what your motion is so that we can just, based on the comments you just gave, have you just repeat what your motion is?

Commissioner Sizemore:

Sure. Chair, is that alright?

Madam Chair:

Yeah.

Commissioner Sizemore:

Ok, I believe my motion – and staff will correct me if I was wrong – was to initiate rule making proceedings regarding wager limits for further discussion. Chair, is that alright?

Commissioner Lawson:

Thank you.

Madam Chair:

Ok, so we have a motion. It was moved and seconded. There is a motion on the table so I'm going to ask Director Griffin to take a vote, do the roll call, please.

Director Griffin:

Certainly, Vice Chair, Patterson?

Vice Chair Patterson:

Aye.

Director Griffin:

Commissioner Reeves?

Commissioner Reeves:

Aye.

Director Griffin:

Commissioner Sizemore?

Commissioner Sizemore:

Aye

Director Griffin:

Commissioner Lawson?

Commissioner Lawson:

Aye

Director Griffin:

And, Chair Levy?

Madam Chair:

Aye

Director Griffin:

Five "ayes".

Madam Chair:

Thank you. Ok, so the motion passes. We'll move into... [2:25:57]}

**Questions on HBCR Wager Increase Rules Petition
From the August 2022 Commission Meeting**

1. Why was the request in 2016 for increased HBCR wager limits withdrawn? What were the commission's concerns?

See WSGC's Response to Question 1

2. What is the difference between a foreign LLC and a regular LLC?

See WSGC's Response to Question 2

3. a. "Wouldn't it be sort of special treatment to the HBCRs if you're allowed to keep those food and beverage prices low by subsidizing it with increased wager limits where everyone else that's also a restaurant that doesn't have the card room experience available in their restaurant is having to raise their prices anyway?"

b. "...under RCW 9.46.0325 and WAC 230-15-005, card games are meant to be commercial stimulant. But the information I'm seeing here looks more like it is that the wager limit is not being asked of us to stimulate your food and beverage business. It's being asked to offset the costs or to subsize your food and beverage business, which I don't think is the intent of the legislation. So would you speak to that?"

These questions appear to be directed to Maverick Gaming to respond to. Refer to the transcript for response by Vicky Christopherson and Eric Perrsons. See also Maverick's written materials in the rules packet.

See WSGC's Response to Questions 3 and 8

4. a. "When we moved the wager limit to \$300, did we do that through legislative work or was that done through the Gambling Commission? And did it apply to all gambling establishments? What is the history of the increase in wagering limits that seemed to apply to everyone in the later period of this century or in, what is it 2007 or '08, whenever that was done, how did we do that?"

b. "If you can do me a favor and re-look at the history of when this happened, I'd be interested. We did raise the wager limits for the card rooms at one point, so let's figure out how we did it and why."

See WSGC's Response to Question 4

5. “So one of the questions that I would have for you all is a better understanding when you talk about both inflation, are you tying this request from 300 to \$500 to ~~change~~ [chain] inflation? Because at the current ~~change~~ [chain] inflation rate, the CPI rate, it would only equate to \$398 rather than \$500. So just curious to understand how you got from three to five.”

This question appears to be directed to Maverick Gaming to respond to. See Maverick’s written materials in the rules packet. See also WSGC’s Response to Question 5.

6. Understanding of the tier one, tier two, and tier three supplier impacts. What is the ripple impact to the tier one, tier two and tier three suppliers look like and what that ripple into these communities really means when we use that language?

WSGC will need to engage a contractor, most likely an economist, to determine the economic impact with increasing the HBCR wager limit to \$500 in the: value-added or produced into the community, employee compensation or earnings paid in compensation, and total employment via new jobs created or sustained.

7. “I would love for staff as we go through this rule making process to identify those establishments that really market themselves as card rooms first versus the establishments that market themselves as bars.”

WSGC staff needs more time to compile social media, print and commercial marketing materials for each of the 38 HBCRs.

8. Does this fit within our legislative declaration “and for the legislature to essentially indicate that they’re supportive that we’re still within our statute.”

See WSGC’s Response to Question 3 and 8

9. What are the triggers? What are the strings, if you will? What are the centers of influence that should determine, beyond the economic factors, when and why we raise the limits in card rooms or house-banked card rooms?

This seems to be a policy question that the Commissioners rather than staff responds to.

WSGC's Response to Question 1

Summary of the 2016 RGA Petition to Increase HBCR Wager Limits to \$500

The RGA submitted a rules petition seeking to increase the HBCR wager limit from \$300 to \$500. The petition was heard at the September and October 2016 commission meetings.

At the September 8, 2016, meeting, a motion was made to file the petition for further discussion, but the motion did not initially receive a second. The following is a summary of the discussion amongst the Commissioners and Ex-Officios:

- Potential impacts on those people that have a problem with gambling;
- Raising the HBCR wager increase would lead to extreme limits in Washington;
- Number of wagers per hand and how that tie into the single wager limit;
- Parity with the tribes;
- How much the wager increase would afford the HBCRs; and
- Problems the private sector is having and attrition within the industry.

It was suggested that the Commissioners file the petition to allow for a deeper discussion on the topic in the future and then decide on a solid rationale for denying or approving the petition.

The vote was 5-0 to file the petition for further discussion.

Prior to the October 14, 2016, meeting, the petitioner withdrew their request for rulemaking. When asked to further explain why the RGA was withdrawing their petition, Victor Mena stated, "Mainly we don't want to be told no as an industry, and not have the opportunity to ask in the future. And that's really our fear."

After further discussion and public comment, the Commissioners voted 5 – 0 to withdraw the rule change.

Attached:

- September 8, 2016, Transcript of the HBCR wager limit increase petition
- September 8, 2016, Rules Summary package
- October 14, 2016, Transcript of the HBCR wager limit petition
- October 14, 2016, Rules Summary package

This transcript is a from the September 8, 2016 Commission Meeting related to HBCR wager limit increase petition.

7. Recreational Gaming Association Petition

Wagering Limits for House-Banked Card Games

WAC 230-15-140 - Wagering limits for house-banked card games

Director Trujillo: Yes. Thank you, Mr. Chair. This is a requested amendment to WAC 230-15-140, wagering limits for house-banked card games. This is before you for the first time today for discussion and possible filing. We talked a little bit about it at study session last month, and again this morning.

It is only a one word change. It would change “3” to “5”. At this point currently, the wager limit is \$300. This is asking the wagering limit to be increased to \$500. In 1997, house-banked card rooms opened up with wagering limits of \$25, which increased to \$100 a little bit later. The last wagering increase was in 2009 which put a limit at \$300, which is almost seven years ago now.

I have to share a typo with you that is on page 2. The very first sentence at the top says, “There will be an increase in time spent by staff reviewing internal controls and games rules and answering questions.” I typed this and it was my mistake. It should say “may” as we don’t know for sure.

The legislature has clearly said that you can set wagering limits. If you contrast that with the number of tables, that is clearly in Statute up to 15 tables. Wagering limits is within your jurisdiction. If you look at the policy consideration, you should consider if this is consistent with the legislative declaration which defines social card games. Right now we have wagering limits in tribal gaming operations which have been \$500 since 1995, almost a quarter century. That is something to consider.

I would like to read a late arriving statement of support because I think there might be something to glean from this in light of our earlier discussion. This was written by Dave Fretz. He asks that we accept this note of support for the rule change, but more specifically he says, it’s been many years since the wagering limit has been increased. Initiative 1433 will be on the November ballot, and it is likely to pass. The Initiative will increase the minimum wage 16% from \$9.47 to \$11 on January 1, 2017. That is in part, part of the consideration when you look to why the petition was submitted;

This transcript is a from the September 8, 2016 Commission Meeting related to HBCR wager limit increase petition.

they're planning for the future. Are there any questions for me? If so, I'd be happy to answer them. Otherwise we can turn it over to the petitioner.

Chair Sizemore: Yeah. Any – Chris?

Director Trujillo: Commissioner Stearns?

Commissioner Stearns: It seems like what we're doing is in response to the request we would be increasing the limit so that the card rooms could make more money, is that right?

Director Trujillo: Yes.

Commissioner Stearns: So based on that assumption, do we have any sense of how much more money they would make?

Director Trujillo: At this point, no. I think what they're looking for is an option to increase the wager limits. They're like all businesses, the market will only bear certain increases. Not all house-banked card rooms would be able to operate all tables at \$500, let alone operate 24/7 at \$500. But I think they are looking for – and we'll double check this with the industry – is to have an option. If good nights happen to be Thursdays, that might be the time to do it. If they can never take advantage of it, they won't. But they might be able to go up to \$320 or \$450, or something like that. I'm only guessing, so I think we should hear from the petitioner and the public on specifics.

Chair Sizemore: Yep. All right, any other questions for Dave?

Commissioner Gray: No.

Chair Sizemore: If the petitioner would like to –

Mr. Mena: Commissioners, staff, ex-officio, Victor Mena again, President of the RGA. The RGA did submit this rule in light of the upcoming increase of expenses that we see in the future. It's not an

This transcript is a from the September 8, 2016 Commission Meeting related to HBCR wager limit increase petition.

easy thing for us to be able to pick up additional revenues. As you've seen before over the last two petitions that we've discussed from the RGA, they are things that hopefully could provide some stimulus to businesses. Unfortunately the card rooms and poker rooms don't have a real good mechanism to be able to do a price increase, unlike a coffee shop or a restaurant. It's not as direct, and it's not as easy to track how it would affect us.

Even with us acquiring a higher limit, it's still an unknown as far as if it will really do anything for us. We're really kind of grasping as an industry.

One of the things that is before you on this petition is that we would like to see if it is proved to be approved 31 days after filing. That's all I have.

Chair Sizemore: Okay, any questions? I'm trying to understand. An increase in the wagering limit from \$300 to \$500, so are we thinking that we're going to get new players that aren't coming in because the limits aren't high enough? Or are people going to just lose more money?

Mr. Mena: It's possible that we could attract different players, it's very possible. It's also possible that we might not. It's hard to say. Most of our card room businesses are local neighborhood bars, so most of our clientele are local regulars. There are some local regulars that would like to play at a higher limit.

I have nine locations. Of those nine locations, I can see maybe a couple of locations getting any benefit from this. But there are pockets in high metropolitan areas where there are more affluent players that this would actually be a benefit to those locations. I do have locations also in rural areas where this probably wouldn't even come into play.

Chair Sizemore: Okay.

Mr. Mena: Again, we don't see this as being a major piece, but we need to look at anything.

Chair Sizemore: Okay. Any other questions or further comments?

This transcript is a from the September 8, 2016 Commission Meeting related to HBCR wager limit increase petition.

Ms. Chiechi: Thank you, Mr. Chair. Again, Dolores Chiechi of the Recreational Gaming Association. We did send out a questionnaire to our members, and we have about 27 of the 50 card rooms that are members. We told them we submitted the petition and asked for the number of members that may offer a higher wager, on how many games, and how frequently. The responses we received back ranged from we'd make all tables \$500 all the time, to we don't have the market for it, but we hope that you are successful so that others can enjoy that option. We've had some say we might do it on a Friday and Saturday, or do it occasionally. So there is a range. But the consensus was we'd like to have the option. It may be a \$350 limit one day, or it may be a \$400 limit. It doesn't have to be \$500. It will help some operators, and other operators support it just because they like the idea of having the option. Thank you.

Chair Sizemore: All right. What is the pleasure?

Commissioner Gray: I'll move to file the petition for further discussion.

Chair Sizemore: Is there a second? No second. Our options are either to file, we can propose an alternative version of the rule, or we need to deny the petition in writing stating the reasons for the denial. Does anybody have some rationale for denial? Am I correct on that, Director?

Director Trujillo: Yes. Are you asking for reasons for denial or reasons for possible alternatives?

Chair Sizemore: I just laid out what we need to do next. And correct me if I'm wrong, it seems like if we can't get a second, that we are denying.

Director Trujillo: That's correct, sir.

Chair Sizemore: Or somebody can propose an alternative.

Commissioner Patterson: I don't have an alternative. I am torn by this because I don't know the effects that this potentially may have on people with problem gambling issues. It may just give them

This transcript is a from the September 8, 2016 Commission Meeting related to HBCR wager limit increase petition.

that much more of an opportunity to very quickly lose a tremendous amount of money. That's my hesitation. I understand that it will provide, or may provide, some of our businesses with additional revenue, but I just don't know that the trade off would be worth it when considering what the affects might be on people who are inclined to gamble irresponsibly. That's why I did not choose to second, Mr. Chair.

Chair Sizemore: Okay.

Commissioner Troyer: No, go ahead if you have something.

Senator Mike Hewitt: I can't vote on this, but can I weigh in on it?

Chair Sizemore: Absolutely.

Senator Hewitt: I'm hoping you at least take a look at this because we've had a pretty lengthy discussion, and a good discussion today, about the problems that the private sector is having. And I think we need to afford them every tool we can possibly give them. Senator, I agree with you that gambling is a problem. But they can walk into a big casino and stick as many tokens into those machines as they possibly want to and there is nobody there to stop them. So I'm hoping that the Commission will consider this and give these people another tool, if they so choose to use it, to allow them to have a higher stake if they want. That's all they're asking for. We talked this morning about the attrition in this industry, and it's pretty significant. That's my weigh in.

Chair Sizemore: Okay, and then –

Commissioner Troyer: I understand now, and correct me if I'm wrong, because I just wanted to talk about this before we move forward with it. You can play three hands at once, is that correct, and play the minimum? At this point, anybody that's playing the \$500/\$300 tables and the table is empty, somebody could go and play \$900 a hand the way the rule is set right now, right? \$300, \$300, \$300. So if your tables aren't that full, we're really not at a \$300 limit, we're at a \$900 limit, because people

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can play three hands all at once and have \$900 out there. If we change it, then all of a sudden we have \$1,500 out there. Am I right on that?

Director Trujillo: That's correct, Commissioner.

Commissioner Troyer: Okay. So I'm just being me, and I apologize for throwing a big wrench in this. What if you had a \$500 table limit and you only allowed one person one hand per play and got rid of the three hand thing? That would take money away from you because then all of a sudden a person is not going to be able to bet \$900, they're only going to be able to bet \$500. Is that good or bad? They can bet \$900 right now.

Mr. Mena: If the table is not full.

Commissioner Troyer: Which it's not going to be --

Mr. Mena: Right, yeah.

Commissioner Troyer: -- at \$300 and \$500 limits. Am I right on that? Or do you have full tables at \$300 limits?

Director Trujillo: Commissioner, I might be able to lend some clarity --

Commissioner Troyer: All right.

Director Trujillo: -- or perhaps confusion.

Chair Sizemore: Right.

Director Trujillo: It's not a matter or a function of whether or not the table is full to determine whether or not somebody has -- but right now the current rules allow for four separate games within a single hand of cards. Some of the proprietary games have multiple times in which you can place a bet.

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At this point our rules currently allow for four separate games, and one of those games has to be no more than \$5, and the other three can be the wager limit. So that would be \$905.

Commissioner Troyer: \$5 more.

Director Trujillo: Yeah. But that's within a game. It's not based upon whether or not you have empty spots on a table.

Commissioner Troyer: But if there are empty spots on the table, you can play three positions at \$300 each, right?

Mr. Mena: Yes, yes.

Director Trujillo: You can play more spots.

Chair Sizemore: Yeah.

Director Trujillo: You could fill in all the spots, yes.

Chair Sizemore: Yeah.

Commissioner Troyer: You can fill it in. If somebody wants to go bet that much money, they can.

Director Trujillo: Yes.

Male Voice: I didn't realize that.

Commissioner Troyer: Yeah.

Chair Sizemore: Mister –

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Director Trujillo: Now I understand your point, thank you, sir.

Commissioner Troyer: Yeah.

Chair Sizemore: Did you have a clarification there, Mr. Teeny?

Mr. George Teeny: Good afternoon, Commission, ex-officios, staff. Yeah, my name is George Teeny. I have a couple clubs in La Center, Washington. I'm 16 miles from the Oregon border off of I-5. As for me, it would help my business because we draw heavily from the Portland area. We guesstimate about 70% of our players come from the Portland area, Eugene, and the surrounding areas.

To answer the question about do we have tables full with \$300 limits, yeah, we do. On Friday and Saturday nights, if you come to the Frontier, I would say out of the eight house-banked games, we would have maybe seven or all eight full, every seat covered. Would each of them be betting \$300 a whack; probably not. But a percentage of those players would do it. In fact if you want to stay until 8:00 tonight and go to the Frontier, since it is up the road about 20 minutes and it has a great restaurant and you'll love the place, you could actually take view of that.

As for will we create problem gambling, worst case scenario for the 3% to 5% that have the problems, it's certainly possible. I'm not saying it won't happen. But we're more apt to bring in more players. If a person has a gambling problem, there are so many ways that their money can be taken, not just from these clubs, but from other casinos or the slot machines/lottery machines they have in Oregon. They will take all your money without any problem.

There is a concern with that, I don't want to minimize it. But I think overall it would help the industry. It would certainly help my room. As Victor says, he's got nine clubs and there's probably a percentage of them that wouldn't have it. I know that we would.

One of the things that was done around 2006 or 2007, and possibly Dave or Dolores can help me. There was a discussion about raising limits from \$100 to a higher limit. What they ended up doing is

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they gave 5 out of the 15 tables that are in play, or one-third of them, to a \$200 limit and the rest stayed at the \$100 limit for a period of time. When they found out that it didn't create any problems per se, and of course, you can define problem any way you want, the Commission allowed all tables to have the higher limits. But they did give them a period of time to monitor it to see if it caused any problems.

There's a variety of ways of judging this. I know that in poker, when we went to a higher limit and had the six month study group with Commissioner Ellis and others, they had us create a program, a sheet, that would denote how many players were playing in the higher limits. If there was an F&B increase, there was a list of qualifiers. I'm not necessarily saying that you would do that, but it gives maybe a little bit of comfort to can these problems be resolved by seeing actual data. That's all I have to say, unless you have any questions.

Chair Sizemore: Okay, thank you. We didn't implement the speak once on a topic, did we?

Ms. Chiechi: May I speak, Commissioner?

Chair Sizemore: Yes, you may, please.

Ms. Chiechi: Thank you. I just wanted to respond to your concern, Commissioner Patterson. I appreciate your attention to that issue 'cause it's important to me as well. I would remind you that our industry is the only segment who has actually proactively trained 2,000 employees across the State on the issue of problem gambling awareness and responsible gaming. I just had a meeting the other day with the Evergreen Council and staff, and they're implementing online training that they are expecting to launch in March. so any employee can go online and take the training and be aware of the issues. If anybody in the industry has awareness about problem gambling, it would be the card room industry's employees to note and take attention to anybody who appears to have an issue with problem gambling. Thank you.

Commissioner Patterson: Uh huh.

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Chair Sizemore: Okay, thank you.

Commissioner Gray: I guess my only comment is that I believe that the tribes have a \$500 limit.

Chair Sizemore: Uh huh.

Commissioner Gray: And that would provide some parity.

Chair Sizemore: Yeah. My preference would be that we file the petition. I'm unable to second the motion. But I think that if we file it, the RGA has heard our concerns. I don't think it would preclude us from putting constraints, reporting, or delving down a little deeper on the topic in the future. We could then make a determination over the next few months that there is a solid rationale for denying or approving the petition. So I would be a proponent for filing.

Commissioner Troyer: For discussion.

Chair Sizemore: For discussion, yes.

Commissioner Troyer: For further discussion.

Chair Sizemore: Yes, and it goes through the few months process.

Commissioner Troyer: And it could be months and months, if we're making changes.

Chair Sizemore: Sure.

Commissioner Troyer: You guys are used to it. Okay, I'll second.

Chair Sizemore: Okay. So we do have a second. Did I do that right?

AAG Meader: That was just fine. You got your second, so all is well.

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Chair Sizemore: Okay, all right.

Commissioner Patterson: Mr. Chair –

Chair Sizemore: Yes.

Commissioner Patterson: So we would essentially be voting to continue the discussion?

Chair Sizemore: To continue the discussion. To file the petition.

Commissioner Patterson: Right.

Chair Sizemore: And then that starts the petition process.

Commissioner Patterson: Okay. I will support a continued discussion about the topic.

Chair Sizemore: And file it.

Commissioner Patterson: And filing. But I do feel uneasy about expanding that limit.

Chair Sizemore: Understood.

Commissioner Patterson: So if we're talking about it, and maybe amending it, or seeing what we can do, then I will support moving forward.

Chair Sizemore: Okay.

Commissioner Stearns: Yeah. I do share the same concerns that Julia has about problem gambling. And I do appreciate all the work that the RGA has done on that. I'd like to continue some kind of

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discussion on that, and work with staff to get a better sense of how much money would be involved. Maybe there is a way to work on some alternative streams too.

Chair Sizemore: All right.

Commissioner Patterson: You know, I'm concerned that we increase it here, and then the tribes request an increase, and it would just seesaw back and forth, and then before long we would have limits that are extreme. So let's talk more about it.

Chair Sizemore: Okay. Any further discussion before we vote? All right, those in favor of filing for further discussion say aye.

Commissioner Stearns: Aye.

Commissioner Gray: Aye.

Commissioner Troyer: Aye.

Commissioner Patterson: Aye.

Chair Sizemore: Aye. Those opposed? All right, clear as mud? All right.

Commissioner Patterson: Thank you for your patience.



Amend

WAC: 230-15-140 Wagering Limits for House Banked Card Games

September 2016 – Up for Discussion and Possible Filing
August 2016 – Study Session

Tab 7: September 2016 Commission Meeting Agenda.	Statutory Authority 9.46.070
Who Proposed the Rule Change?	
Executive Director Dolores Chiechi on behalf of the Recreational Gaming Association.	
Describe the Proposed Change	
<p>This change would authorize house-banked card game licensees to allow patrons to make wagers up to \$500 on house-banked card games.</p> <p>The current limitation set by the Commission of \$300 has been in place since early 2009. Before that, in 2004, the Commission limitation was increased to \$200 up from \$100. Before that (1997) house-banked card games opened up at \$25 dollars but increased to \$100 at a later date.</p> <p>Attachments:</p> <ul style="list-style-type: none"> • OTS version • Petition • 9.46.010 • 9.46.0282 • 9.46.070 	
Background	
<p>Currently, wagers on house-banked card games are limited to \$300. Most gambling revenues in house-banked card game licensees are derived from these same games. House-banked card game licensees are commercial entities that pay local gambling taxes. The Legislature authorized card games as a social past time as long as they were strictly controlled.</p> <p>Tribal Gaming Operations are limited to \$500. In contrast most class III gaming revenues are derived from Tribal Lottery Systems. Class III gaming revenues support Tribal government operations and support local economies and community impacts. The Indian Gaming Regulatory Act of 1988 authorized class III gaming for the purpose of promoting Tribal self-sufficiency.</p>	
Licensees Impacted Regulatory and Resource Impacts	
This change would impact approximately fifty house-banked card game licensees.	

There will be an increase in time spent by staff in reviewing internal controls and game rules and answering questions.

For licensees that increase wagering limits, there may be an increase in cheating cases that must be investigated by the Commission. In 2008, the total number of cheating cases investigated by us was 65. In 2009, the total number of cheating cases investigated by us was 45. In 2010, the total number of cheating cases investigated by us was 56.

Policy Considerations

Whether this increase is consistent with the Legislative Declaration. The legislature defined “social card game” in RCW 9.46.0282 and this same RCW limits the number of tables per establishment to fifteen and the Commission will set a limit on wagers.

Statements supporting and opposing

None

Staff Recommendation

File for further discussion

Proposed Effective Date for Rule Change

The petitioner did not specify an effective date.

AMENDATORY SECTION (Amending WSR 08-20-025, filed 9/19/08, effective 1/1/09)

WAC 230-15-140 Wagering limits for house-banked card games. (1) A single wager or a bonus wager for an odds-based pay out must not exceed ((three)) five hundred dollars.

(2) A player may make a single wager for each decision before the dealer deals or reveals additional cards. For Blackjack, the player may place an additional wager for doubling down or splitting pairs.

(3) Bonus wagers for progressive jackpots must not exceed manufacturer's rules or limits listed in subsection (1) of this section.



Post Office Box 1787 ♦ Olympia, WA 98507-1787 ♦ 360-352-0514

July 20, 2016

Washington State Gambling Commission
P.O. Box 42400
Olympia, WA 98504-2400

**RE: Petition for Rule Change:
WAC 230-15-140 - Wagering limits for house-banked games**

Dear Commissioners:

On behalf of our members, we respectfully submit the attached rule change for your review and consideration.

This change would authorize licensees to allow patrons to make wagers up to \$500 on house-banked games offered in licensed, house banked card rooms.

Come January 2017, our members will need a mechanism to increase gambling receipts as they are unable to pass on the inevitable increased expenses:

- Proposed restructure and increase of WSGC license fees which may result in some HBCR licensees seeing up to a 150-200% increase;
- Passage of Initiative 1433 raising the minimum wage January 2, 2017 to \$11.00/hour; \$11.50 in 2018; \$12.00 in 2019 and \$13.50 in 2020 respectively; and,
- Mandated benefits: health care, paid sick/safe leave, and predictive scheduling initiatives

We anticipate letters of support from house banked card room patrons and licensees will ensue once the petitions appear on the Commission's formal agenda.

We request that the Commission consider filing this petition for further discussion.

Thank you in advance for your attention and consideration.

Sincerely,

Dolores A. Chiechi
Dolores A. Chiechi
Executive Director

Attachment

UNITED WE STAND – DIVIDED WE FOLD
WWW.RGA-WA.ORG

WAC 230-15-140 - REVISED

Wagering limits for house-banked card games.

(1) A single wager or a bonus wager for an odds-based pay out must not exceed ~~three~~ five hundred dollars.

(2) A player may make a single wager for each decision before the dealer deals or reveals additional cards. For Blackjack, the player may place an additional wager for doubling down or splitting pairs.

(3) Bonus wagers for progressive jackpots must not exceed manufacturer's rules or limits listed in subsection (1) of this section.

From: [Dolores Chiechi](#)
To: [Griffin, Tina \(GMB\)](#); [Hunter, Amy \(GMB\)](#)
Cc: [Trujillo, Dave \(GMB\)](#)
Subject: RGA Rules Petition - HBCR Wager Limits
Date: Wednesday, July 20, 2016 1:26:54 PM
Attachments: [HBCR Wager Limits.docx](#)

Tina/Amy,
Please find the attached petition for rule change to WAC 230-15-140: wager limits for house-banked card games.

Please let me know anything more is required.

Thank you for your attention.

Dolores A Chiechi
Executive Director
Recreational Gaming Association
PO Box 1787
Olympia, WA 98507-1787
360-352-0514 office
WWW.RGA-WA.ORG

UNITED WE STAND - DIVIDED WE FOLD

RCW 9.46.010**Legislative declaration.**

The public policy of the state of Washington on gambling is to keep the criminal element out of gambling and to promote the social welfare of the people by limiting the nature and scope of gambling activities and by strict regulation and control.

It is hereby declared to be the policy of the legislature, recognizing the close relationship between professional gambling and organized crime, to restrain all persons from seeking profit from professional gambling activities in this state; to restrain all persons from patronizing such professional gambling activities; to safeguard the public against the evils induced by common gamblers and common gambling houses engaged in professional gambling; and at the same time, both to preserve the freedom of the press and to avoid restricting participation by individuals in activities and social pastimes, which activities and social pastimes are more for amusement rather than for profit, do not maliciously affect the public, and do not breach the peace.

The legislature further declares that the raising of funds for the promotion of bona fide charitable or nonprofit organizations is in the public interest as is participation in such activities and social pastimes as are hereinafter in this chapter authorized.

The legislature further declares that the conducting of bingo, raffles, and amusement games and the operation of punchboards, pull-tabs, card games and other social pastimes, when conducted pursuant to the provisions of this chapter and any rules and regulations adopted pursuant thereto, are hereby authorized, as are only such lotteries for which no valuable consideration has been paid or agreed to be paid as hereinafter in this chapter provided.

The legislature further declares that fishing derbies shall not constitute any form of gambling and shall not be considered as a lottery, a raffle, or an amusement game and shall not be subject to the provisions of this chapter or any rules and regulations adopted hereunder.

The legislature further declares that raffles authorized by the fish and wildlife commission involving hunting big game animals or wild turkeys shall not be subject to the provisions of this chapter or any rules and regulations adopted hereunder, with the exception of this section and RCW 9.46.400.

All factors incident to the activities authorized in this chapter shall be closely controlled, and the provisions of this chapter shall be liberally construed to achieve such end.

[1996 c 101 § 2; 1994 c 218 § 2; 1975 1st ex.s. c 259 § 1; 1974 ex.s. c 155 § 1; 1974 ex.s. c 135 § 1; 1973 1st ex.s. c 218 § 1.]

NOTES:

Findings—1996 c 101: See note following RCW 77.32.530.

Effective date—1994 c 218: "This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and shall take effect immediately [April 1, 1994]." [1994 c 218 § 20.]

Severability—1974 ex.s. c 155: "If any provision of this 1974 amendatory act, or its application to any person or circumstance is held invalid, the remainder of the act, or the

application of the provision to other persons or circumstances is not affected." [**1974 ex.s. c 155 § 13; 1974 ex.s. c 135 § 13.**] Section 14 of the act, which provided for an effective date and that the act would be subject to referendum petition, was vetoed by the governor. The veto and the related message can be found in chapter 155, Laws of 1974 ex. sess.

RCW 9.46.070**Gambling commission—Powers and duties.****The commission shall have the following powers and duties:**

(1) To authorize and issue licenses for a period not to exceed one year to bona fide charitable or nonprofit organizations approved by the commission meeting the requirements of this chapter and any rules and regulations adopted pursuant thereto permitting said organizations to conduct bingo games, raffles, amusement games, and social card games, to utilize punchboards and pull-tabs in accordance with the provisions of this chapter and any rules and regulations adopted pursuant thereto and to revoke or suspend said licenses for violation of any provisions of this chapter or any rules and regulations adopted pursuant thereto: PROVIDED, That the commission shall not deny a license to an otherwise qualified applicant in an effort to limit the number of licenses to be issued: PROVIDED FURTHER, That the commission or director shall not issue, deny, suspend, or revoke any license because of considerations of race, sex, creed, color, or national origin: AND PROVIDED FURTHER, That the commission may authorize the director to temporarily issue or suspend licenses subject to final action by the commission;

(2) To authorize and issue licenses for a period not to exceed one year to any person, association, or organization operating a business primarily engaged in the selling of items of food or drink for consumption on the premises, approved by the commission meeting the requirements of this chapter and any rules and regulations adopted pursuant thereto permitting said person, association, or organization to utilize punchboards and pull-tabs and to conduct social card games as a commercial stimulant in accordance with the provisions of this chapter and any rules and regulations adopted pursuant thereto and to revoke or suspend said licenses for violation of any provisions of this chapter and any rules and regulations adopted pursuant thereto: PROVIDED, That the commission shall not deny a license to an otherwise qualified applicant in an effort to limit the number of licenses to be issued: PROVIDED FURTHER, That the commission may authorize the director to temporarily issue or suspend licenses subject to final action by the commission;

(3) To authorize and issue licenses for a period not to exceed one year to any person, association, or organization approved by the commission meeting the requirements of this chapter and meeting the requirements of any rules and regulations adopted by the commission pursuant to this chapter as now or hereafter amended, permitting said person, association, or organization to conduct or operate amusement games in such manner and at such locations as the commission may determine. The commission may authorize the director to temporarily issue or suspend licenses subject to final action by the commission;

(4) To authorize, require, and issue, for a period not to exceed one year, such licenses as the commission may by rule provide, to any person, association, or organization to engage in the selling, distributing, or otherwise supplying or in the manufacturing of devices for use within this state for those activities authorized by this chapter. The commission may authorize the director to temporarily issue or suspend licenses subject to final action by the commission;

(5) To establish a schedule of annual license fees for carrying on specific gambling activities upon the premises, and for such other activities as may be licensed by the commission, which fees shall provide to the commission not less than an amount of money adequate to cover all costs incurred by the commission relative to licensing under this chapter and the enforcement by the commission of the provisions of this chapter and rules and regulations adopted pursuant thereto: PROVIDED, That all licensing fees shall be submitted

with an application therefor and such portion of said fee as the commission may determine, based upon its cost of processing and investigation, shall be retained by the commission upon the withdrawal or denial of any such license application as its reasonable expense for processing the application and investigation into the granting thereof: PROVIDED FURTHER, That if in a particular case the basic license fee established by the commission for a particular class of license is less than the commission's actual expenses to investigate that particular application, the commission may at any time charge to that applicant such additional fees as are necessary to pay the commission for those costs. The commission may decline to proceed with its investigation and no license shall be issued until the commission has been fully paid therefor by the applicant: AND PROVIDED FURTHER, That the commission may establish fees for the furnishing by it to licensees of identification stamps to be affixed to such devices and equipment as required by the commission and for such other special services or programs required or offered by the commission, the amount of each of these fees to be not less than is adequate to offset the cost to the commission of the stamps and of administering their dispersal to licensees or the cost of administering such other special services, requirements or programs;

(6) To prescribe the manner and method of payment of taxes, fees and penalties to be paid to or collected by the commission;

(7) To require that applications for all licenses contain such information as may be required by the commission: PROVIDED, That all persons (a) having a managerial or ownership interest in any gambling activity, or the building in which any gambling activity occurs, or the equipment to be used for any gambling activity, or (b) participating as an employee in the operation of any gambling activity, shall be listed on the application for the license and the applicant shall certify on the application, under oath, that the persons named on the application are all of the persons known to have an interest in any gambling activity, building, or equipment by the person making such application: PROVIDED FURTHER, That the commission shall require fingerprinting and national criminal history background checks on any persons seeking licenses, certifications, or permits under this chapter or of any person holding an interest in any gambling activity, building, or equipment to be used therefor, or of any person participating as an employee in the operation of any gambling activity. All national criminal history background checks shall be conducted using fingerprints submitted to the United States department of justice-federal bureau of investigation. The commission must establish rules to delineate which persons named on the application are subject to national criminal history background checks. In identifying these persons, the commission must take into consideration the nature, character, size, and scope of the gambling activities requested by the persons making such applications;

(8) To require that any license holder maintain records as directed by the commission and submit such reports as the commission may deem necessary;

(9) To require that all income from bingo games, raffles, and amusement games be recorded and reported as established by rule or regulation of the commission to the extent deemed necessary by considering the scope and character of the gambling activity in such a manner that will disclose gross income from any gambling activity, amounts received from each player, the nature and value of prizes, and the fact of distributions of such prizes to the winners thereof;

(10) To regulate and establish maximum limitations on income derived from bingo. In establishing limitations pursuant to this subsection the commission shall take into account (a) the nature, character, and scope of the activities of the licensee; (b) the source of all other

income of the licensee; and (c) the percentage or extent to which income derived from bingo is used for charitable, as distinguished from nonprofit, purposes. However, the commission's powers and duties granted by this subsection are discretionary and not mandatory;

(11) To regulate and establish the type and scope of and manner of conducting the gambling activities authorized by this chapter, including but not limited to, the extent of wager, money, or other thing of value which may be wagered or contributed or won by a player in any such activities;

(12) To regulate the collection of and the accounting for the fee which may be imposed by an organization, corporation, or person licensed to conduct a social card game on a person desiring to become a player in a social card game in accordance with RCW 9.46.0282;

(13) To cooperate with and secure the cooperation of county, city, and other local or state agencies in investigating any matter within the scope of its duties and responsibilities;

(14) In accordance with RCW 9.46.080, to adopt such rules and regulations as are deemed necessary to carry out the purposes and provisions of this chapter. All rules and regulations shall be adopted pursuant to the administrative procedure act, chapter 34.05 RCW;

(15) To set forth for the perusal of counties, city-counties, cities and towns, model ordinances by which any legislative authority thereof may enter into the taxing of any gambling activity authorized by this chapter;

(16)(a) To establish and regulate a maximum limit on salaries or wages which may be paid to persons employed in connection with activities conducted by bona fide charitable or nonprofit organizations and authorized by this chapter, where payment of such persons is allowed, and to regulate and establish maximum limits for other expenses in connection with such authorized activities, including but not limited to rent or lease payments. However, the commissioner's powers and duties granted by this subsection are discretionary and not mandatory.

(b) In establishing these maximum limits the commission shall take into account the amount of income received, or expected to be received, from the class of activities to which the limits will apply and the amount of money the games could generate for authorized charitable or nonprofit purposes absent such expenses. The commission may also take into account, in its discretion, other factors, including but not limited to, the local prevailing wage scale and whether charitable purposes are benefited by the activities;

(17) To authorize, require, and issue for a period not to exceed one year such licenses or permits, for which the commission may by rule provide, to any person to work for any operator of any gambling activity authorized by this chapter in connection with that activity, or any manufacturer, supplier, or distributor of devices for those activities in connection with such business. The commission may authorize the director to temporarily issue or suspend licenses subject to final action by the commission. The commission shall not require that persons working solely as volunteers in an authorized activity conducted by a bona fide charitable or bona fide nonprofit organization, who receive no compensation of any kind for any purpose from that organization, and who have no managerial or supervisory responsibility in connection with that activity, be licensed to do such work. The commission may require that licensees employing such unlicensed volunteers submit to the commission periodically a list of the names, addresses, and dates of birth of the volunteers. If any volunteer is not approved by the commission, the commission may require that the licensee not allow that person to work in connection with the licensed activity;

(18) To publish and make available at the office of the commission or elsewhere to anyone requesting it a list of the commission licensees, including the name, address, type of license, and license number of each licensee;

(19) To establish guidelines for determining what constitutes active membership in bona fide nonprofit or charitable organizations for the purposes of this chapter;

(20) To renew the license of every person who applies for renewal within six months after being honorably discharged, removed, or released from active military service in the armed forces of the United States upon payment of the renewal fee applicable to the license period, if there is no cause for denial, suspension, or revocation of the license;

(21) To issue licenses under subsections (1) through (4) of this section that are valid for a period of up to eighteen months, if it chooses to do so, in order to transition to the use of the business licensing services program through the department of revenue; and

(22) To perform all other matters and things necessary to carry out the purposes and provisions of this chapter.

[**2012 c 116 § 1; 2007 c 206 § 1; 2002 c 119 § 1; 1999 c 143 § 6; 1993 c 344 § 1; 1987 c 4 § 38; 1981 c 139 § 3.** Prior: **1977 ex.s. c 326 § 3; 1977 ex.s. c 76 § 2; 1975-'76 2nd ex.s. c 87 § 4; 1975 1st ex.s. c 259 § 4; 1974 ex.s. c 155 § 4; 1974 ex.s. c 135 § 4; 1973 2nd ex.s. c 41 § 4; 1973 1st ex.s. c 218 § 7.**]

NOTES:

Effective date—1993 c 344: "This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and shall take effect June 1, 1993." [**1993 c 344 § 2.**]

Severability—1981 c 139: "If any provision of this amendatory act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected." [**1981 c 139 § 19.**]

Severability—1974 ex.s. c 155: See note following RCW **9.46.010**.

*Enforcement—Commission as a law enforcement agency: RCW **9.46.210**.*

RCW 9.46.0282**"Social card game."**

"Social card game" as used in this chapter means a card game that constitutes gambling and is authorized by the commission under RCW 9.46.070. Authorized card games may include a house-banked or a player-funded banked card game. No one may participate in the card game or have an interest in the proceeds of the card game who is not a player or a person licensed by the commission to participate in social card games. There shall be two or more participants in the card game who are players or persons licensed by the commission. The card game must be played in accordance with the rules adopted by the commission under RCW 9.46.070, which shall include but not be limited to rules for the collection of fees, limitation of wagers, and management of player funds. The number of tables authorized shall be set by the commission but shall not exceed a total of fifteen separate tables per establishment.

[1997 c 118 § 1.]

8. Petition from Recreational Gaming Association - Wagering Limits for House-Banked Card Rooms

WAC 230-15-140 Wagering limits for house-banked card games

Director Trujillo: Yes, Commissioners. Thank you. The next item in your packet is up for discussion. And it is the wager increase petition by the Recreational Gaming Association to increase the wager limits to WAC 230-15-140 from \$300 to \$500. The rule itself hasn't changed from when you filed it last month. Again, it's just simply replacing "3" in the rule language with "5".

What has happened since the last Commission meeting is the Recreational Gaming Association has submitted a request for the petition to be withdrawn. I did have a chance to speak with Dolores a little bit about that request this morning. I believe that she would like to share some thoughts with you, if you're open to that. Otherwise the rule petition is up for discussion this month. You can hold any action to November's meeting, but there is the request to withdraw the petition today.

Chair Sizemore: All right, thank you. Dolores or Victor.

Mr. Mena: Yeah, Dolores, she bowed out on me on this one.

Chair Sizemore: Yeah.

Mr. Mena: Victor Mena again. I think I'm on the record, right? We saw the discussion at the last meeting and were very cognitive of the fact that there is some angst with filing the rule. So at this point we felt it would be in our best interest to pull the rule, based on what we saw at the last meeting. That was our discussion.

Chair Sizemore: Okay, okay.

Mr. Mena: Okay.

Chair Sizemore: Thank you, sir. Any further public input? All right. So there are some options. What is the pleasure of the Commission?

Commissioner Patterson: Mr. Chair, I'd like to ask some questions. What are the pros and cons associated with allowing this to move forward with further discussion versus accepting the request for withdrawal from my colleagues' point of view? I'm interested in what you think about that.

Commissioner Troyer: Well if they don't have anything else to say, I don't think there's anything more to talk about.

Commissioner Patterson: Yeah.

Commissioner Troyer: They want to withdraw it.

Commissioner Gray: My understanding is that they want to withdraw it because we might not pass it.

Commissioner Patterson: I wish that you would come back up and explain once again why you want to withdraw it. Would you mind – is that all right, Mr. Chair?

Chair Sizemore: Sure.

Commissioner Patterson: Yeah, could you just be a little bit more direct?

Chair Sizemore: Within limits.

Mr. Mena: Within limits, yes.

Commissioner Patterson: Thank you, Mr. Chair.

Mr. Mena: You know, I guess history has taught us some things. In the past, and I mean way back in the past, we've filed for certain rules and sometimes they've met opposition and they were denied.

And then trying to file the rule later on, even within a couple of year's time, we have found that the answer was why are we talking about this again. And that is our fear, to be frank.

Commissioner Patterson: So there are things going on that might affect this particular request in a way that maybe we don't know all the answers to right now?

Mr. Mena: No, no, no. Mainly we don't want to be told no as an industry, and not have the opportunity to ask in the future. And that's really our fear.

Commissioner Patterson: I see.

Mr. Mena: Yeah. I mean there's really not too much more than that.

Commissioner Patterson: Okay.

Chair Sizemore: So with time, there may be a more robust rationale for making --

Mr. Mena: Well there could be an economic change.

Chair Sizemore: Right.

Mr. Mena: There could be an industry change we're not aware of. But I just think that it's better to pull something that we felt that Commissioners were not willing to do. So --

Chair Sizemore: Okay.

Mr. Mena: Yeah.

Chair Sizemore: All right, thank you. Monty, you had a comment?

Mr. Harmon: Good morning, Commissioners. Monty Harmon of Evergreen Gaming. I was not privileged to be here last month, but when the petition was filed, I was encouraged, and I would like to see further discussion, especially with the upcoming election and the initiative for minimum wage that's on the ballot. If that passes, the impact might sway the Commissioners decision to consider the future of the industry. And with that minimum wage increase, how our operations will be impacted.

I would be prepared next month to come forward and provide some financial information, given the status quo, what I see the impact of that initiative being. I don't see any reason to do that until it's passed. If it does, there's a 60% chance. That would be one reason to continue the discussion into the future.

One other point. We do have players that will play \$300 maximums, and then bet a second spot. So the market is there for customers that might want to just buy \$500 on a single hand. And that would impact operations as well.

Chair Sizemore: Okay.

Mr. Harmon: Thank you, sir.

Chair Sizemore: Thank you.

Commissioner Patterson: I have a question for Monty.

Chair Sizemore: For – yeah.

Commissioner Patterson: Monty, you're saying that because of the proposal on the ballot regarding minimum wage, it might be a good idea to allow this particular proposal to continue to move forward for another month because we might want to have some discussion regarding it after the election, as opposed to the other notion, and that is to withdraw this particular proposal and perhaps file it again, maybe in the same way or maybe in a different way, at a later time. We have to decide what we want

to do here. Are you saying hold on for another month, or are you agreeing that maybe we should just withdraw this particular proposal and hold open the opportunity for submitting it again in the future?

Mr. Harmon: My request was to go ahead and go forward. I'm not with the RGA, and I don't necessarily appreciate all of the innuendos with the filings and re-filings. But I do understand the timing. The minimum wage impact would be January 1, as I understand it. So for filing purposes, the timing on this particular petition works for being considered in November.

Chair Sizemore: Okay.

Mr. Harmon: Thank you.

Chair Sizemore: I guess my thoughts are –

Commissioner Troyer: Why don't you guys work together more on these things, to be honest. I mean they'd like to withdraw their petition, and everybody saw what direction we were going in, and they should be allowed to withdraw their petition.

Commissioner Gray: I agree. I understand that the RGA really wants to move ahead on this, or they would like to have a \$500 limit. I also understand that with timing, that by withdrawing this motion, it allows them to come back again at a later date. And I think we're going to see it. I think we're going to have that proposal back on our plate. And I think we should just go ahead and allow them to withdraw it. This is what they want to do.

Chair Sizemore: Okay.

Commissioner Patterson: So I would say that I agree. I also wanted to express the fact that I had some concerns that weren't particularly well articulated about whether or not we should be looking at, or thinking about, how this might affect problem gambling. Maybe discussing together whether or not we thought that it was relevant to make a connection there. And we really haven't had an opportunity to do that. So I had that concern.

So I would have to say that I'm glad to see that they're asking for this petition to be withdrawn. It gives us more time to do, maybe the right way.

Chair Sizemore: Sure.

Commissioner Troyer: Chair –

Chair Sizemore: Yes.

Commissioner Troyer: I make a motion that we accept the withdrawal of their petition.

Chair Sizemore: Okay. Is there a second?

Commissioner Stearns: I'll second.

Chair Sizemore: All right. And the rationale is they're asking to withdraw the wagering questions as not ready for prime time, maybe. All right, any further discussion on it?

Commissioner Patterson: I would just like to say when it comes back, I would like to talk to you all about the extent to which making changes like this might be affecting the problem gambling issue in the State of Washington. Thank you.

Chair Sizemore: Okay, all right. Dave, any more input before we decide this?

Director Trujillo: No, just a slight point of clarification for Commissioner Troyer. The Recreational Gaming Association represents many house-banked card rooms, but many are not members. Mr. Harmon is not a member of the –

Commissioner Troyer: I understand.

Director Trujillo: -- Recreational Gaming Association, and that may share with you why they might be at odds occasionally.

Commissioner Troyer: Oh, I'm aware.

Director Trujillo: Okay, sir. With that, Mr. Chair, I have no more input, unless you have specific questions.

Chair Sizemore: Okay, thank you. If there's no more discussion, then there's been a motion to accept the withdrawal from RGA, and it's been seconded. All those in favor say aye.

Commissioner Gray: Aye.

Commissioner Patterson: Aye.

Commissioner Stearns: Aye.

Commissioner Troyer: Aye.

Chair Sizemore: Aye. Those opposed? Motion is passed to withdraw the rule change.

Director Trujillo: Thank you, Mr. Chair.



Amend

WAC: 230-15-140 Wagering Limits for House Banked Card Games

October 2016 – Discussion
September 2016 – Filed for Further Discussion
August 2016 – Study Session

Tab 8: October 2016 Commission Meeting Agenda. Statutory Authority 9.46.070

Who Proposed the Rule Change?

Executive Director Dolores Chiechi on behalf of the Recreational Gaming Association (RGA).

Describe the Proposed Change

Bold/Underline = Changes made after the September 2016 Commission Meeting

This change would authorize house-banked card game licensees to allow patrons to make wagers up to \$500 on house-banked card games.

The current limitation set by the Commission of \$300 has been in place since early 2009. Before that, in 2004, the Commission limitation was increased to \$200 up from \$100. Before that (1997) house-banked card games opened up at \$25 dollars but increased to \$100 at a later date.

Attachments:

- Petition received from RGA
- 9.46.010
- 9.46.0282
- 9.46.070
- **Email(s)**

Background

Currently, wagers on house-banked card games are limited to \$300. Most gambling revenues in house-banked card game licensees are derived from these same games. House-banked card game licensees are commercial entities that pay local gambling taxes. The Legislature authorized card games as a social past time as long as they were strictly controlled.

Tribal Gaming Operations are limited to \$500. In contrast most class III gaming revenues are derived from Tribal Lottery Systems. Class III gaming revenues support Tribal government operations and support local economies and community impacts. The Indian Gaming Regulatory Act of 1988 authorized class III gaming for the purpose of promoting Tribal self-sufficiency.

Licensees Impacted
Regulatory and Resource Impacts

This change would impact approximately fifty house-banked card game licensees.

There **may** be an increase in time spent by staff in reviewing internal controls and game rules and answering questions.

For licensees that increase wagering limits, there may be an increase in cheating cases that must be investigated by the Commission. In 2008, the total number of cheating cases investigated by us was 65. In 2009, the total number of cheating cases investigated by us was 45. In 2010, the total number of cheating cases investigated by us was 56.

For licensees that increase wagering limits, there may be an increase in the amount of money paid to the WA Department of Revenue (DOR) for problem gambling. Since 2005, persons operating contests of chance (including card games) are subject to DOR's B&O tax on the gross income of the business derived from contests of chance. There are two classifications. Effective August 2015, the rate was 0.015% if less than \$50,000 a year and 0.0163% if more than \$50,000. These revenues are used for the purposes of the Problem and Pathological Gambling Treatment Program administered by the Department of Social and Health Services.

Policy Considerations

Whether this increase is consistent with the Legislative Declaration. The legislature defined "social card game" in RCW 9.46.0282 and this same RCW limits the number of tables per establishment to fifteen and the Commission will set a limit on wagers.

Statements supporting and opposing

At the September Commission Meeting, Dolores Chiechi, Executive Director of the RGA, Victor Mena and George Teeny, officers of the RGA and HBCR operators testified in favor of the petition. See attachments.

Staff Recommendation

Further Discussion

Proposed Effective Date for Rule Change

Effective 31 days from filing

AMENDATORY SECTION (Amending WSR 08-20-025, filed 9/19/08, effective 1/1/09)

WAC 230-15-140 Wagering limits for house-banked card games. (1) A single wager or a bonus wager for an odds-based pay out must not exceed ((three)) five hundred dollars.

(2) A player may make a single wager for each decision before the dealer deals or reveals additional cards. For Blackjack, the player may place an additional wager for doubling down or splitting pairs.

(3) Bonus wagers for progressive jackpots must not exceed manufacturer's rules or limits listed in subsection (1) of this section.



Post Office Box 1787 ♦ Olympia, WA 98507-1787 ♦ 360-352-0514

July 20, 2016

Washington State Gambling Commission
P.O. Box 42400
Olympia, WA 98504-2400

**RE: Petition for Rule Change:
WAC 230-15-140 - Wagering limits for house-banked games**

Dear Commissioners:

On behalf of our members, we respectfully submit the attached rule change for your review and consideration.

This change would authorize licensees to allow patrons to make wagers up to \$500 on house-banked games offered in licensed, house banked card rooms.

Come January 2017, our members will need a mechanism to increase gambling receipts as they are unable to pass on the inevitable increased expenses:

- Proposed restructure and increase of WSGC license fees which may result in some HBCR licensees seeing up to a 150-200% increase;
- Passage of Initiative 1433 raising the minimum wage January 2, 2017 to \$11.00/hour; \$11.50 in 2018; \$12.00 in 2019 and \$13.50 in 2020 respectively; and,
- Mandated benefits: health care, paid sick/safe leave, and predictive scheduling initiatives

We anticipate letters of support from house banked card room patrons and licensees will ensue once the petitions appear on the Commission's formal agenda.

We request that the Commission consider filing this petition for further discussion.

Thank you in advance for your attention and consideration.

Sincerely,

Dolores A. Chiechi
Dolores A. Chiechi
Executive Director

Attachment

UNITED WE STAND – DIVIDED WE FOLD
WWW.RGA-WA.ORG

WAC 230-15-140 - REVISED

Wagering limits for house-banked card games.

(1) A single wager or a bonus wager for an odds-based pay out must not exceed ~~three~~ five hundred dollars.

(2) A player may make a single wager for each decision before the dealer deals or reveals additional cards. For Blackjack, the player may place an additional wager for doubling down or splitting pairs.

(3) Bonus wagers for progressive jackpots must not exceed manufacturer's rules or limits listed in subsection (1) of this section.

From: [Dolores Chiechi](#)
To: [Griffin, Tina \(GMB\)](#); [Hunter, Amy \(GMB\)](#)
Cc: [Trujillo, Dave \(GMB\)](#)
Subject: RGA Rules Petition - HBCR Wager Limits
Date: Wednesday, July 20, 2016 1:26:54 PM
Attachments: [HBCR Wager Limits.docx](#)

Tina/Amy,
Please find the attached petition for rule change to WAC 230-15-140: wager limits for house-banked card games.

Please let me know anything more is required.

Thank you for your attention.

Dolores A Chiechi
Executive Director
Recreational Gaming Association
PO Box 1787
Olympia, WA 98507-1787
360-352-0514 office
WWW.RGA-WA.ORG

UNITED WE STAND - DIVIDED WE FOLD

RCW 9.46.010**Legislative declaration.**

The public policy of the state of Washington on gambling is to keep the criminal element out of gambling and to promote the social welfare of the people by limiting the nature and scope of gambling activities and by strict regulation and control.

It is hereby declared to be the policy of the legislature, recognizing the close relationship between professional gambling and organized crime, to restrain all persons from seeking profit from professional gambling activities in this state; to restrain all persons from patronizing such professional gambling activities; to safeguard the public against the evils induced by common gamblers and common gambling houses engaged in professional gambling; and at the same time, both to preserve the freedom of the press and to avoid restricting participation by individuals in activities and social pastimes, which activities and social pastimes are more for amusement rather than for profit, do not maliciously affect the public, and do not breach the peace.

The legislature further declares that the raising of funds for the promotion of bona fide charitable or nonprofit organizations is in the public interest as is participation in such activities and social pastimes as are hereinafter in this chapter authorized.

The legislature further declares that the conducting of bingo, raffles, and amusement games and the operation of punchboards, pull-tabs, card games and other social pastimes, when conducted pursuant to the provisions of this chapter and any rules and regulations adopted pursuant thereto, are hereby authorized, as are only such lotteries for which no valuable consideration has been paid or agreed to be paid as hereinafter in this chapter provided.

The legislature further declares that fishing derbies shall not constitute any form of gambling and shall not be considered as a lottery, a raffle, or an amusement game and shall not be subject to the provisions of this chapter or any rules and regulations adopted hereunder.

The legislature further declares that raffles authorized by the fish and wildlife commission involving hunting big game animals or wild turkeys shall not be subject to the provisions of this chapter or any rules and regulations adopted hereunder, with the exception of this section and RCW 9.46.400.

All factors incident to the activities authorized in this chapter shall be closely controlled, and the provisions of this chapter shall be liberally construed to achieve such end.

[1996 c 101 § 2; 1994 c 218 § 2; 1975 1st ex.s. c 259 § 1; 1974 ex.s. c 155 § 1; 1974 ex.s. c 135 § 1; 1973 1st ex.s. c 218 § 1.]

NOTES:

Findings—1996 c 101: See note following RCW 77.32.530.

Effective date—1994 c 218: "This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and shall take effect immediately [April 1, 1994]." [1994 c 218 § 20.]

Severability—1974 ex.s. c 155: "If any provision of this 1974 amendatory act, or its application to any person or circumstance is held invalid, the remainder of the act, or the

application of the provision to other persons or circumstances is not affected." [**1974 ex.s. c 155 § 13; 1974 ex.s. c 135 § 13.**] Section 14 of the act, which provided for an effective date and that the act would be subject to referendum petition, was vetoed by the governor. The veto and the related message can be found in chapter 155, Laws of 1974 ex. sess.

RCW 9.46.070**Gambling commission—Powers and duties.****The commission shall have the following powers and duties:**

(1) To authorize and issue licenses for a period not to exceed one year to bona fide charitable or nonprofit organizations approved by the commission meeting the requirements of this chapter and any rules and regulations adopted pursuant thereto permitting said organizations to conduct bingo games, raffles, amusement games, and social card games, to utilize punchboards and pull-tabs in accordance with the provisions of this chapter and any rules and regulations adopted pursuant thereto and to revoke or suspend said licenses for violation of any provisions of this chapter or any rules and regulations adopted pursuant thereto: PROVIDED, That the commission shall not deny a license to an otherwise qualified applicant in an effort to limit the number of licenses to be issued: PROVIDED FURTHER, That the commission or director shall not issue, deny, suspend, or revoke any license because of considerations of race, sex, creed, color, or national origin: AND PROVIDED FURTHER, That the commission may authorize the director to temporarily issue or suspend licenses subject to final action by the commission;

(2) To authorize and issue licenses for a period not to exceed one year to any person, association, or organization operating a business primarily engaged in the selling of items of food or drink for consumption on the premises, approved by the commission meeting the requirements of this chapter and any rules and regulations adopted pursuant thereto permitting said person, association, or organization to utilize punchboards and pull-tabs and to conduct social card games as a commercial stimulant in accordance with the provisions of this chapter and any rules and regulations adopted pursuant thereto and to revoke or suspend said licenses for violation of any provisions of this chapter and any rules and regulations adopted pursuant thereto: PROVIDED, That the commission shall not deny a license to an otherwise qualified applicant in an effort to limit the number of licenses to be issued: PROVIDED FURTHER, That the commission may authorize the director to temporarily issue or suspend licenses subject to final action by the commission;

(3) To authorize and issue licenses for a period not to exceed one year to any person, association, or organization approved by the commission meeting the requirements of this chapter and meeting the requirements of any rules and regulations adopted by the commission pursuant to this chapter as now or hereafter amended, permitting said person, association, or organization to conduct or operate amusement games in such manner and at such locations as the commission may determine. The commission may authorize the director to temporarily issue or suspend licenses subject to final action by the commission;

(4) To authorize, require, and issue, for a period not to exceed one year, such licenses as the commission may by rule provide, to any person, association, or organization to engage in the selling, distributing, or otherwise supplying or in the manufacturing of devices for use within this state for those activities authorized by this chapter. The commission may authorize the director to temporarily issue or suspend licenses subject to final action by the commission;

(5) To establish a schedule of annual license fees for carrying on specific gambling activities upon the premises, and for such other activities as may be licensed by the commission, which fees shall provide to the commission not less than an amount of money adequate to cover all costs incurred by the commission relative to licensing under this chapter and the enforcement by the commission of the provisions of this chapter and rules and regulations adopted pursuant thereto: PROVIDED, That all licensing fees shall be submitted

with an application therefor and such portion of said fee as the commission may determine, based upon its cost of processing and investigation, shall be retained by the commission upon the withdrawal or denial of any such license application as its reasonable expense for processing the application and investigation into the granting thereof: PROVIDED FURTHER, That if in a particular case the basic license fee established by the commission for a particular class of license is less than the commission's actual expenses to investigate that particular application, the commission may at any time charge to that applicant such additional fees as are necessary to pay the commission for those costs. The commission may decline to proceed with its investigation and no license shall be issued until the commission has been fully paid therefor by the applicant: AND PROVIDED FURTHER, That the commission may establish fees for the furnishing by it to licensees of identification stamps to be affixed to such devices and equipment as required by the commission and for such other special services or programs required or offered by the commission, the amount of each of these fees to be not less than is adequate to offset the cost to the commission of the stamps and of administering their dispersal to licensees or the cost of administering such other special services, requirements or programs;

(6) To prescribe the manner and method of payment of taxes, fees and penalties to be paid to or collected by the commission;

(7) To require that applications for all licenses contain such information as may be required by the commission: PROVIDED, That all persons (a) having a managerial or ownership interest in any gambling activity, or the building in which any gambling activity occurs, or the equipment to be used for any gambling activity, or (b) participating as an employee in the operation of any gambling activity, shall be listed on the application for the license and the applicant shall certify on the application, under oath, that the persons named on the application are all of the persons known to have an interest in any gambling activity, building, or equipment by the person making such application: PROVIDED FURTHER, That the commission shall require fingerprinting and national criminal history background checks on any persons seeking licenses, certifications, or permits under this chapter or of any person holding an interest in any gambling activity, building, or equipment to be used therefor, or of any person participating as an employee in the operation of any gambling activity. All national criminal history background checks shall be conducted using fingerprints submitted to the United States department of justice-federal bureau of investigation. The commission must establish rules to delineate which persons named on the application are subject to national criminal history background checks. In identifying these persons, the commission must take into consideration the nature, character, size, and scope of the gambling activities requested by the persons making such applications;

(8) To require that any license holder maintain records as directed by the commission and submit such reports as the commission may deem necessary;

(9) To require that all income from bingo games, raffles, and amusement games be recorded and reported as established by rule or regulation of the commission to the extent deemed necessary by considering the scope and character of the gambling activity in such a manner that will disclose gross income from any gambling activity, amounts received from each player, the nature and value of prizes, and the fact of distributions of such prizes to the winners thereof;

(10) To regulate and establish maximum limitations on income derived from bingo. In establishing limitations pursuant to this subsection the commission shall take into account (a) the nature, character, and scope of the activities of the licensee; (b) the source of all other

income of the licensee; and (c) the percentage or extent to which income derived from bingo is used for charitable, as distinguished from nonprofit, purposes. However, the commission's powers and duties granted by this subsection are discretionary and not mandatory;

(11) To regulate and establish the type and scope of and manner of conducting the gambling activities authorized by this chapter, including but not limited to, the extent of wager, money, or other thing of value which may be wagered or contributed or won by a player in any such activities;

(12) To regulate the collection of and the accounting for the fee which may be imposed by an organization, corporation, or person licensed to conduct a social card game on a person desiring to become a player in a social card game in accordance with RCW 9.46.0282;

(13) To cooperate with and secure the cooperation of county, city, and other local or state agencies in investigating any matter within the scope of its duties and responsibilities;

(14) In accordance with RCW 9.46.080, to adopt such rules and regulations as are deemed necessary to carry out the purposes and provisions of this chapter. All rules and regulations shall be adopted pursuant to the administrative procedure act, chapter 34.05 RCW;

(15) To set forth for the perusal of counties, city-counties, cities and towns, model ordinances by which any legislative authority thereof may enter into the taxing of any gambling activity authorized by this chapter;

(16)(a) To establish and regulate a maximum limit on salaries or wages which may be paid to persons employed in connection with activities conducted by bona fide charitable or nonprofit organizations and authorized by this chapter, where payment of such persons is allowed, and to regulate and establish maximum limits for other expenses in connection with such authorized activities, including but not limited to rent or lease payments. However, the commissioner's powers and duties granted by this subsection are discretionary and not mandatory.

(b) In establishing these maximum limits the commission shall take into account the amount of income received, or expected to be received, from the class of activities to which the limits will apply and the amount of money the games could generate for authorized charitable or nonprofit purposes absent such expenses. The commission may also take into account, in its discretion, other factors, including but not limited to, the local prevailing wage scale and whether charitable purposes are benefited by the activities;

(17) To authorize, require, and issue for a period not to exceed one year such licenses or permits, for which the commission may by rule provide, to any person to work for any operator of any gambling activity authorized by this chapter in connection with that activity, or any manufacturer, supplier, or distributor of devices for those activities in connection with such business. The commission may authorize the director to temporarily issue or suspend licenses subject to final action by the commission. The commission shall not require that persons working solely as volunteers in an authorized activity conducted by a bona fide charitable or bona fide nonprofit organization, who receive no compensation of any kind for any purpose from that organization, and who have no managerial or supervisory responsibility in connection with that activity, be licensed to do such work. The commission may require that licensees employing such unlicensed volunteers submit to the commission periodically a list of the names, addresses, and dates of birth of the volunteers. If any volunteer is not approved by the commission, the commission may require that the licensee not allow that person to work in connection with the licensed activity;

(18) To publish and make available at the office of the commission or elsewhere to anyone requesting it a list of the commission licensees, including the name, address, type of license, and license number of each licensee;

(19) To establish guidelines for determining what constitutes active membership in bona fide nonprofit or charitable organizations for the purposes of this chapter;

(20) To renew the license of every person who applies for renewal within six months after being honorably discharged, removed, or released from active military service in the armed forces of the United States upon payment of the renewal fee applicable to the license period, if there is no cause for denial, suspension, or revocation of the license;

(21) To issue licenses under subsections (1) through (4) of this section that are valid for a period of up to eighteen months, if it chooses to do so, in order to transition to the use of the business licensing services program through the department of revenue; and

(22) To perform all other matters and things necessary to carry out the purposes and provisions of this chapter.

[**2012 c 116 § 1; 2007 c 206 § 1; 2002 c 119 § 1; 1999 c 143 § 6; 1993 c 344 § 1; 1987 c 4 § 38; 1981 c 139 § 3.** Prior: **1977 ex.s. c 326 § 3; 1977 ex.s. c 76 § 2; 1975-'76 2nd ex.s. c 87 § 4; 1975 1st ex.s. c 259 § 4; 1974 ex.s. c 155 § 4; 1974 ex.s. c 135 § 4; 1973 2nd ex.s. c 41 § 4; 1973 1st ex.s. c 218 § 7.**]

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[1997 c 118 § 1.]

From: [David Fretz](#)
To: [Griffin, Tina \(GMB\)](#)
Subject: Wager Limit Increase to \$500
Date: Thursday, September 01, 2016 9:51:23 AM
Attachments: [image001.jpg](#)

Tina,

Please accept this note as support for the rule change increasing wagering limits from \$300 to \$500. It has been many years since the wager limit has been increased. Initiative 1433 will be on the November ballot and is likely to pass. This Initiative will increase minimum wage 16% from \$9.47 to \$11.00 on January 1, 2017 and includes step increases to \$13.50 by 2020. The impact to our businesses will be significant since the compression effect of this increase will require us to raise wages in other area such as janitorial, cooks, security, surveillance and floor supervision. The total impact of this wage increase for a typical House Banked Card Room is likely to exceed \$200,000 in 2017. Our food and beverage prices will need to increase. However, without this bet limit adjustment, we'll be unable to increase our revenues enough to cover the impact of this change to minimum wage.

Regards,



David Fretz

President - Great American Gaming Corporation
12715 4th Ave W.
Everett, WA 98204
253.480.3000 Ext. 100

Notice Regarding Confidentiality of Transmission

This message is intended only for the person to whom it is addressed and may contain information that is privileged and confidential. If you are not the intended recipient, you are hereby notified that any dissemination or copying of this is prohibited. Please notify us of the error in communication by telephone (604) 303-1000 or by return e-mail and destroy all copies of this communication. Thank you.

WSGC's Response to Question 2

Maverick Gaming LLC is a Washington Limited Liability Company, per a search of the Washington Secretary of State's website on January 29, 2023, <https://ccfs.sos.wa.gov/#/BusinessSearch/BusinessInformation>.

Corporations and Charities Filing System

Business Information

BUSINESS INFORMATION

Business Name: MAVERICK GAMING LLC	UBI Number: 604 465 046
Business Type: WA LIMITED LIABILITY COMPANY	Business Status: ACTIVE
Principal Office Street Address: 12530 NE 144TH ST, KIRKLAND, WA, 98034-4508, UNITED STATES	Principal Office Mailing Address: 12530 NE 144TH ST, KIRKLAND, WA, 98034-4508, UNITED STATES
Expiration Date: 05/31/2023	Jurisdiction: UNITED STATES, WASHINGTON
Formation/ Registration Date: 05/21/2019	Period of Duration: PERPETUAL
Inactive Date:	Nature of Business: ANY LAWFUL PURPOSE

REGISTERED AGENT INFORMATION

Registered Agent Name: PHYLLIS ERMEY

Street Address: 12530 NE 144TH ST, KIRKLAND, WA, 98034-4508, UNITED STATES

Mailing Address: 12530 NE 144TH ST, KIRKLAND, WA, 98034-4508, UNITED STATES

GOVERNORS

Title	Governors Type	Entity Name	First Name	Last Name
GOVERNOR	INDIVIDUAL		ERIC	PERSSON

Maverick Kirkland II, LLC dba Caribbean Cardroom in Kirkland, WA is listed as a “foreign limited liability company” per the Secretary of State's website, <https://ccfs.sos.wa.gov/#/BusinessSearch/BusinessInformation>.

Maverick Kirkland II, LLC is a foreign LLC because it is a “business that was created outside of Washington State”, per the Washington Secretary of State’s website, <https://www.sos.wa.gov/corporations-charities/business-entities/download-forms>. Whereby a domestic LLC is a “business that has registered under the laws of the State of Washington.”

Corporations and Charities Filing System

Business Information

BUSINESS INFORMATION

Business Name: MAVERICK KIRKLAND II LLC	UBI Number: 604 454 787
Business Type: FOREIGN LIMITED LIABILITY COMPANY	Business Status: ACTIVE
Principal Office Street Address: 12530 NE 144TH ST, KIRKLAND, WA, 98034-4508, UNITED STATES	Principal Office Mailing Address: 12530 NE 144TH ST, KIRKLAND, WA, 98034-4508, UNITED STATES
Expiration Date: 07/31/2023	Jurisdiction: UNITED STATES, NEVADA
Formation/ Registration Date: 07/02/2019	Period of Duration: PERPETUAL
Inactive Date:	Nature of Business: ANY LAWFUL PURPOSE

REGISTERED AGENT INFORMATION

Registered Agent Name: PHYLLIS ERMEY

Street Address: 12530 NE 144TH ST, KIRKLAND, WA, 98034-4508, UNITED STATES

Mailing Address: 12530 NE 144TH ST, KIRKLAND, WA, 98034-4508, UNITED STATES

GOVERNORS

Title	Governors Type	Entity Name	First Name	Last Name
GOVERNOR	ENTITY	MAVERICK CARIBBEAN LLC		

The Washington State Department of Revenue's website indicates that Maverick Kirkland II, LLC is incorporated in Nevada, https://secure.dor.wa.gov/gteunauth/_/#3.

Secretary of State Information ×

Business name:	MAVERICK KIRKLAND II LLC
UBI #:	604-454-787

Active/Inactive:	Active
State of incorporation:	NEVADA
WA filing date:	7/2/2019
Expiration date:	7/31/2023
Inactive date:	

For more information, visit the [Secretary of State website](#).

Response to Questions 3 and 8

History of Laws and Rules (Prepared by Commission Staff as of January 18, 2023)

The purpose of this document is to provide a historical review of the following laws and rules:

- RCW 9.46.010- Legislative declaration.
- RCW 9.46.070 (11)- Gambling commission- powers and duties.
- RCW 9.46.0217- “Commercial stimulant.”
- RCW 9.46.0282- “Social card game.”
- WAC 230-03-175- Requirements for commercial stimulant businesses.

1. RCW 9.46.010- Legislative declaration.

History

1974 (HB 473- Attachment A)- RCW 9.46.010 was amended to authorize “card games.” Prior to this, “card games” were not authorized.

1994 (HB 2228- Attachment B)- RCW 9.46.010 was amended to add an introductory statement as follows:

“The public policy of the state of Washington on gambling is to keep the criminal element out of gambling and to promote the social welfare of the people by limiting the nature and scope of gambling activities and by strict regulation and control.”

2. RCW 9.46.070 (11)- Gambling commission- powers and duties.

History

1974 (HB 473- Attachment A)- RCW 9.46.070 (11) (formerly subsection (9)) was amended to give the commission the power and duty to regulate social card games, including wagering limits. Specifically:

“To regulate and establish the type and scope of and manner of conducting social card games permitted to be played, and the extent of the wager, money or other thing of value which may be wagered or contributed or won by a player in a social card game.”

1977 (HB 1133- Attachment C)- RCW 9.46.070 (11) (formerly subsection (9)) was amended as follows:

“To regulate and establish the type and scope of and manner of conducting ~~social card games permitted to be played, and the gambling activities authorized by RCW 9.46.030, including but not limited to,~~ the extent of the wager, money or other thing of value which

may be wagered or contributed or won by a player in ~~a social card game~~ any such activities.”

1987 (HB 6- Attachment D)- RCW 9.46.070 (11) (formerly subsection (9)) had a minor amendment replacing “RCW 9.46.030” noted in the language above with “this chapter.”

3. Commercial Stimulant

Applicable RCW’s Reviewed (WAC rule history noted in separate section)

- RCW 9.46.0217 (formerly RCW 9.46.020)- “Commercial stimulant.”
- RCW 9.46.0325 (formerly RCW 9.46.030)- Social card games, punchboards, pull-tabs authorized.
- RCW 9.46.070- Gambling commission- powers and duties.

History

1974 (HB 473- Attachment A)- RCW 9.46.0325 (formerly 030) and RCW 9.46.070 specifically authorized social card games “*as a commercial stimulant.*” Up to this point in time, both RCW’s in question only referenced punchboards and pull-tabs. Although “commercial stimulant” was referenced in both RCW’s, no definition of “commercial stimulant” existed yet.

1977 (HB 1133- Attachment C)- A new definition of “commercial stimulant” was created in RCW 9.46.0217 (formerly 020) to read as follows:

“(5) ‘Commercial stimulant’. An activity is operated as a commercial stimulant, for the purposes of this chapter, only when it is an incidental activity operated in connection with, and incidental to, an established business, with the primary purpose of increasing the volume of sales of food or drink for consumption on that business premises. The commission may by rule establish guidelines and criteria for applying this definition to its applicants and licensees for gambling activities authorized by this chapter as commercial stimulants.”

Furthermore, RCW 9.46.0325 (formerly 030) was amended as follows:

“(4) The legislature hereby authorizes any person, association, or organization operating an established business primarily engaged in the selling of food or drink for consumption on the premises to conduct social card games and to utilize punch boards and pull-tabs as a commercial stimulant to such business when licensed...”

The definition above for RCW 9.46.0325 is the current definition to date.

Furthermore, RCW 9.46.070 was amended as follows:

“(2) To authorize and issue licenses for a period not to exceed one year to any person, association, or organization operating a business primarily engaged in the

selling of items of food or drink for consumption on the premises, approved by the commission meeting the requirements of this chapter and any rules and regulations adopted pursuant thereto permitting said person, association, or organization to utilize punch boards and pull-tabs and to conduct social card games as a commercial stimulant in accordance with the provisions of this chapter...”

The definition above for RCW 9.46.070 is the current definition to date.

1987 (HB 6- Attachment D)- Repeal of RCW 9.46.020 which became RCW 9.46.0217 (i.e. definition of “commercial stimulant”). The definition did not change (same as noted above).

1994 (HB 2382- Attachment E)- The definition of “commercial stimulant” in RCW 9.46.0217 was amended as follows:

“‘Commercial stimulant,’ as used in this chapter, means an activity is operated as a commercial stimulant, for the purposes of this chapter, only when it is an **incidental** activity operated in connection with ~~and incidental to~~, an established business, with the **primary** purpose of increasing the volume of sales of food or drink for consumption on that business premises. The commission may by rule establish guidelines and criteria for applying this definition to its applicants and licensees for gambling activities authorized by this chapter as commercial stimulants.”

The definition above for “commercial stimulant” is the current definition to date.

4. RCW 9.46.0282- “Social card game” (formerly RCW 9.46.0281 and RCW 9.46.020).

History

1974 (HB 473- Attachment A)- The definition of “social card game” was first introduced in RCW 9.46.020 (18), which later became RCW 9.46.0281 and then 0282. The definition was long with multiple subsections. The definition prohibited house-banked games and referred to RCW 9.46.070- Gambling commission- powers and duties, as the authority to determine what card games were authorized along with the associated wagering limits.

1987 (HB 6- Attachment D)- RCW 9.46.020 (18) became RCW 9.46.0281.

1997 (SB 5560- Attachment F)- Repealed RCW 9.46.0281- “Social card game” definition in RCW 9.46.0281. Recodified new definition in RCW 9.46.0282. The new definition specifically authorized “house-banked” games. The new definition also set a limit of 15 tables. The revised definition continued to refer to RCW 9.46.070 as the authority to determine what card games were authorized along with the associated wagering limits.

5. WAC 230-03-175- Requirements for commercial stimulant businesses (formerly WAC 230-04-080).

History

Note: WAC archive does not go back past 1977.

1974- WAC 230-04-080- *Certain activities to be operated as a commercial stimulant only.* This rule was simple at the time noting "...punchboards and pull-tabs or public card rooms, licensed for use as a commercial stimulant shall not be operated other than as a commercial stimulant."

1995 (95-07-094- Attachment G)- Amended WAC 230-04-080 significantly. Multiple subsections added to rule to include for example:

"The commission may issue a license to operate punchboards and pull tabs or public card rooms, licensed for use as a commercial stimulant as commercial stimulants to any established business primarily engaged in the sale of food and/or drink items for consumption on the licensed premises. Such activities shall not be operated other than as a commercial stimulant. The following requirements apply to applicants for a license to use gambling activities to stimulate food and/or drink sales:..."

The total gross sales of food and/or drink, for on premises consumption, is equal to or greater than all other combined nongambling gross sales, rentals, or other income producing activities which occur on the licensed premises when measured on an annual basis. Applicants seeking qualification for a license under this subsection shall submit data necessary to evaluate compliance with these requirements as a part of their application..."

1999 (99-18-002- Attachment H)- Amended WAC 230-04-080. Main change noted below:

"The commission may issue a license to operate punchboards and pull tabs or public card rooms as commercial stimulants to any established business primarily engaged in the sale of food and/or drink items for consumption on the licensed premises. Such activities shall not be operated other than as a commercial stimulant and the food and/or drink business shall be open and providing service to the general public at all times gambling activities are operated."

2006 (06-07-157- Attachment I)- Rules simplification. WAC 230-04-080 was repealed and WAC 230-03-175 was formed. Part of the new language in WAC 230-03-175 read as follows:

"Businesses must provide evidence for us to determine the business' qualifications as a commercial stimulant as set forth in RCW 9.46.0217. That evidence includes, but is not limited to:

(2) Proof that it is 'primarily engaged in the selling of food or drink for consumption on premises' as used in RCW 9.46.070 (2). 'Primarily engaged in the selling of food or drink for consumption on premises' means that before receiving a gambling license the business has total gross sales of food or drink for on-premises consumption equal to or greater than all other combined gross sales, rentals, or other income-producing activities which occur on the business premises when measured on an annual basis."

2007 (07-21-116- Attachment J)- Amended WAC 230-03-175. No material changes to commercial stimulant definition. The language adopted here is the current language of the rule to date.

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1973 1st ex. sess. and to chapter 9.46 RCW; repealing section 28, chapter 218, Laws of 1973 1st ex. sess. and RCW 9.46.280; prescribing penalties; declaring an emergency and prescribing an effective date.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

Section 1. Section 1, chapter 218, Laws of 1973 1st ex. sess. and RCW 9.46.010 are each amended to read as follows:

It is hereby declared to be the policy of the legislature, recognizing the close relationship between professional gambling and organized crime, to restrain all persons from seeking profit from professional gambling activities in this state; to restrain all persons from patronizing such professional gambling activities; to safeguard the public against the evils induced by common gamblers and common gambling houses engaged in professional gambling; and at the same time, both to preserve the freedom of the press and to avoid restricting participation by individuals in activities and social pastimes, which activities and social pastimes are more for amusement rather than for profit, do not maliciously affect the public, and do not breach the peace.

The legislature further declares that the raising of funds for the promotion of bona fide charitable or nonprofit organizations is in the public interest as is participation in such activities and social pastimes as are hereinafter in this chapter authorized.

The legislature further declares that the conducting of bingo, raffles, and amusement games and the operation of punch boards, pull-tabs, card games and other social pastimes, when conducted pursuant to the provisions of this chapter and any rules and regulations adopted pursuant thereto, are hereby authorized, as are only such lotteries for which no valuable consideration has been paid or agreed to be paid as hereinafter in this chapter provided.

All factors incident to the activities authorized in this chapter shall be closely controlled, and the provisions of this chapter shall be liberally construed to achieve such end.

Sec. 2. Section 2, chapter 218, Laws of 1973 1st ex. sess. and RCW 9.46.020 are each amended to read as follows:

(1) "Amusement game" means a game played for entertainment in which:

- (a) The contestant actively participates;
- (b) The outcome depends in a material degree upon the skill of the contestant;
- (c) Only merchandise prizes are awarded;
- (d) The outcome is not in the control of the operator;

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said tickets by the person or persons conducting the game, when said game is conducted by a bona fide charitable or nonprofit organization, no person other than a bona fide member of said organization takes any part in the management or operation of said game, and no part of the proceeds thereof inure to the benefit of any person other than the organization conducting said game, or to the winner or winners of said prize or prizes.

(18) "Social card game" means a card game, including but not limited to the game commonly known as 'Mah Jongg', which constitutes gambling and contains each of the following characteristics:

(a) There are two or more participants and each of them are players; and

(b) A player's success at winning money or other thing of value by overcoming chance is in the long run largely determined by the skill of the player; and

(c) No organization, corporation or person collects or obtains or charges any percentage of or collects or obtains any portion of the money or thing of value wagered or won by any of the players; PROVIDED, That this item (c) shall not preclude a player from collecting or obtaining his winnings; and

(d) No organization or corporation, or person collects or obtains any money or thing of value from, or charges or imposes any fee upon, any person which either enables him to play or results in or from his playing; PROVIDED, That this item (d) shall not apply to the membership fee in any bona fide charitable or nonprofit organization or to an admission fee allowed by the commission pursuant to section 4 of this 1974 amendatory act; and

(e) The type of card game is one specifically approved by the commission pursuant to section 4 of this 1974 amendatory act; and

(f) The extent of wagers, money or other thing of value which may be wagered or contributed by any player does not exceed the amount or value specified by the commission pursuant to section 4 of this 1974 amendatory act.

(19) "Thing of value" means any money or property, any token, object or article exchangeable for money or property, or any form of credit or promise, directly or indirectly, contemplating transfer of money or property or of any interest therein, or involving extension of a service, entertainment or a privilege of playing at a game or scheme without charge.

(20) "Whoever" and "person" include natural persons, corporations and partnerships and associations of persons; and when any corporate officer, director or stockholder or any partner authorizes, participates in, or knowingly accepts benefits from any violation of this chapter committed by his corporation or

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partnership, he shall be punishable for such violation as if it had been directly committed by him.

Sec. 3. Section 3, chapter 218, Laws of 1973 1st ex. sess. and RCW 9.46.030 are each amended to read as follows:

(1) The legislature hereby authorizes bona fide charitable or nonprofit organizations to conduct bingo games, raffles, amusement games, fishing derby, ((and)) to utilize punch boards and pull-tabs and to allow their premises and facilities to be used by members and guests only to play social card games authorized by the commission, when licensed ((and)), conducted or operated pursuant to the provisions of this chapter and rules and regulations adopted pursuant thereto.

(2) Bona fide charitable or bona fide nonprofit organizations organized primarily for purposes other than the conduct of raffles, are hereby authorized to conduct raffles without obtaining a license to do so from the commission when such raffles are held in accordance with all other requirements of chapter 9.46 RCW, other applicable laws, and rules of the commission; when gross revenues from all such raffles held by the organization during the calendar year do not exceed \$5000; and when tickets to such raffles are sold only to, and winners are determined only from among, the regular members of the organization conducting the raffle: PROVIDED, That the term members for this purpose shall mean only those persons who have become members prior to the commencement of the raffle and whose qualification for membership was not dependent upon, or in any way related to, the purchase of a ticket, or tickets, for such raffles.

((2)) (3) The legislature hereby authorizes any person, association or organization to conduct social card games and to utilize punch boards and pull-tabs as a commercial stimulant when licensed and utilized or operated pursuant to the provisions of this chapter and rules and regulations adopted pursuant thereto.

((3)) (4) The legislature hereby authorizes the management of any agricultural fair as authorized under chapters 15.76 and 36.37 RCW to conduct amusement games when licensed and operated pursuant to the provisions of this chapter and rules and regulations adopted pursuant thereto as well as authorizing said amusement games as so licensed and operated to be conducted ((upon any property of a city of the first class devoted to uses incident to a civic center; worlds fair or similar exposition)) as a part of and upon the site of:

(a) A civic center of a city with a population of twenty thousand or more persons as of the most recent decennial census of the federal government; or

(b) A worlds fair or similar exposition which is approved by the Bureau of International Expositions at Paris, France; or

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(c) A community-wide civic festival held not more than once annually and sponsored or approved by a city or town.

The penalties provided for professional gambling in this chapter, shall not apply to bingo games, raffles, punch boards, pull-tabs, amusement games, or fishing derby, when conducted in compliance with the provisions of this chapter and in accordance with the rules and regulations of the commission.

Sec. 4. Section 7, chapter 218, Laws of 1973 1st ex. sess. as amended by section 4, chapter 41, Laws of 1973 2nd ex. sess. and RCW 9.46.070 are each amended to read as follows:

The commission shall have the following powers and duties:

(1) To authorize and issue licenses for a period not to exceed one year to bona fide charitable or nonprofit organizations approved by the commission meeting the requirements of this chapter and any rules and regulations adopted pursuant thereto permitting said organizations to conduct bingo games, fishing derby, raffles, amusement games, and social card games to utilize punch boards and pull-tabs in accordance with the provisions of this chapter and any rules and regulations adopted pursuant thereto and to revoke or suspend said licenses for violation of any provisions of this chapter or any rules and regulations adopted pursuant thereto: PROVIDED, That ((any license issued under authority of this section shall be legal authority to engage in the gambling activity for which issued throughout the incorporated and unincorporated areas of any county unless a county, or any first class city located therein with respect to such city, shall prohibit such gambling activity: PROVIDED, FURTHER, That)) the commission shall not deny a license to an otherwise qualified applicant in an effort to limit the number of licenses to be issued: PROVIDED FURTHER, That the commission or director shall not issue, deny, suspend or revoke any license because of considerations of race, sex, creed, color, or national origin: AND PROVIDED FURTHER, That the commission may authorize the director to temporarily issue or suspend licenses subject to final action by the commission;

(2) To authorize and issue licenses for a period not to exceed one year to any person, association or organization approved by the commission meeting the requirements of this chapter and any rules and regulations adopted pursuant thereto permitting said person, association or organization to utilize punch boards and pull-tabs and to conduct social card games as a commercial stimulant in accordance with the provisions of this chapter and any rules and regulations adopted pursuant thereto and to revoke or suspend said licenses for violation of any provisions of this chapter and any rules and regulations adopted pursuant thereto: PROVIDED, That the

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oath, that the persons named on the application are all of the persons known to have an interest in any gambling activity, building, or equipment by the person making such application: PROVIDED FURTHER, That the commission may require fingerprinting and background checks on any persons seeking licenses under this chapter or of any person holding ((an)) a managerial or ownership interest in any gambling activity, building or equipment to be used therefor, or of any person participating as an employee in the operation of any gambling activity: PROVIDED FURTHER, That fingerprinting shall be required only in those cases where the commission or the director has cause to believe that information gained thereby may disclose criminal or other relevant activity.

((7)) (6) To require that any license holder maintain records as directed by the commission and submit such reports as the commission may deem necessary;

((8)) (7) To require that all income from bingo games, raffles, and amusement games be ((received for at the time the income is received from each individual player and that all prizes be received for at the time the prize is distributed to each individual player and to require that all raffle tickets be consecutively numbered and accounted for: PROVIDED, That in lieu of the requirements of this subsection, agricultural fairs as defined herein shall report such income not later than thirty days after the termination of said fair;)) recorded and reported as established by rule or regulation of the commission to the extent deemed necessary by considering the scope and character of the gambling activity in such a manner that will disclose gross income from any gambling activity, amounts received from each player, the nature and value of prizes, and the fact of distributions of such prizes to the winners thereof;

((9)) (8) To regulate and establish maximum limitations on income derived from bingo: PROVIDED, That in establishing limitations pursuant to this subsection the commission shall take into account (i) the nature, character and scope of the activities of the licensee; (ii) the source of all other income of the licensee; (iii) the percentage or extent to which income derived from bingo is used for charitable, as distinguished from nonprofit, purposes;

(9) To regulate and establish the type and scope of and manner of conducting social card games permitted to be played, and the extent of wager, money or other thing of value which may be wagered or contributed or won by a player in a social card game;

(10) To regulate and establish a reasonable admission fee which may be imposed by an organization, corporation or person licensed to conduct a social card game on a person desiring to become

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a player in a social card game. A "reasonable admission fee" under this item shall be limited to a fee which would defray or help to defray the expenses of the game and which would not be contrary to the purposes of this chapter;

V- ((11)) To regulate and establish for bona fide charitable nonprofit corporations and organizations reasonable admission fees which may be imposed by such organizations for the purpose of defraying the expenses incident to a social card or other game or fund raising endeavor and the balance over and above such expenses it to be used solely for the charitable purposes of the corporation or organization;

((10)) (12) To cooperate with and secure the cooperation of county, city and other local or state agencies in investigating any matter within the scope of its duties and responsibilities;

((14)) (13) In accordance with RCW 9.46.080, to adopt such rules and regulations as are deemed necessary to carry out the purposes and provisions of this chapter. All rules and regulations shall be adopted pursuant to the administrative procedure act, chapter 34.04 RCW;

((12)) (14) To set forth for the perusal of counties, city-counties, cities and towns, model ordinances by which any legislative authority thereof may enter into the taxing of any gambling activity authorized in RCW 9.46.030 as now or hereafter amended; ((and))

((14)) (15) To publish and make available at the office of the commission or elsewhere to anyone requesting it a list of the commission licensees, including the name, address, type of license, and license number of each licensee; and

((13)) (16) To perform all other matters and things necessary to carry out the purposes and provisions of this chapter.

Sec. 5. Section 23, chapter 218, Laws of 1973 1st ex. sess. and RCW 9.46.230 are each amended to read as follows:

(1) All gambling devices as defined in ((REW 9.46.020 (9))) section 2 (9) of this 1974 amendatory act are common nuisances and shall be subject to seizure, immediately upon detection by any peace officer, and to confiscation and destruction by order of a superior or district justice court, except when in the possession of officers enforcing this chapter.

(2) No property right in any gambling device as defined in ((REW 9.46.020 (9))) section 2 (9) of this 1974 amendatory act shall exist or be recognized in any person, except the possessory right of officers enforcing this chapter.

(3) All furnishings, fixtures, equipment and stock, including without limitation furnishings and fixtures adaptable to nongambling uses and equipment and stock for printing, recording, computing,

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compliance with the provisions of this chapter and in accordance with the rules and regulations adopted pursuant thereto. In the enforcement of this subsection direct possession of any such gambling record shall be presumed to be knowing possession thereof.

NEW SECTION. Sec. 6. There is added to chapter 218, Laws of 1973 1st ex. sess. and to chapter 9.46 RCW a new section to read as follows:

Any license to engage in any of the gambling activities authorized by this chapter as now exists or as hereafter amended, and issued under the authority thereof shall be legal authority to engage in the gambling activities for which issued throughout the incorporated and unincorporated area of any county, except that a city located therein with respect to that city, or a county with respect to all areas within that county except for such cities, may absolutely prohibit, but may not change the scope of license, any or all of the gambling activities for which the license was issued:

PROVIDED, That a county or city may not prohibit a bona fide charitable or nonprofit organization from conducting social card games when licensed to do so and when the terms of the license permit only members of such organization to play at such games and when the terms of the license specifically prohibit the organization from imposing or collecting any admission fee.

Sec. 7. Section 8, chapter 218, Laws of 1973 1st ex. sess. and RCW 9.46.080 are each amended to read as follows:

The department of motor vehicles, subject to the approval of the commission, shall employ a full time employee as director respecting gambling activities, who shall be the administrator for the commission in carrying out its powers and duties and who, with the advice and approval of the commission shall issue rules and regulations governing the activities authorized hereunder and shall supervise departmental employees in carrying out the purposes and provisions of this chapter. ((In addition the department shall make available to the commission such of its administrative services and staff as are necessary to carry out the purposes and provisions of this chapter.)) In addition, the department shall furnish two assistant directors, together with such investigators and enforcement officers and with such of its administrative services and staff as are necessary to carry out the purposes and provisions of this chapter. The director, both assistant directors, and personnel occupying positions requiring the performing of undercover investigative work shall be exempt from the provisions of chapter 41.06 RCW, as now law or hereafter amended. Neither the director nor any departmental employee working therefor shall be an officer or

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Section 2 (1) (f) (iii) contains a proviso that provides that participants in amusement games are not gamblers and that such amusement games are not to be defined as gambling.

The effect of the proviso is to take all amusement games as defined in the statute and participants in such games out of the gambling laws and thus preclude enforcement of criminal penalties where there have been criminal violations. I have accordingly vetoed the referenced item.

2. Definition of "bona fide charitable or nonprofit organization."

Section 2 (3) contains an item striking existing language which creates a presumption that an organization is not a bona fide charitable or nonprofit organization if contributions to the organization do not qualify as charitable contributions for tax purposes. The present language is a necessary element in the operation of the Gambling Commission as it places a strict burden of proving the qualifying status on an applicant. This is a necessary safeguard in the law to prevent the doors from being opened to professional gambling activities. I have therefore vetoed the referenced item.

3. Definition of "raffle."

Section 2 (17) contains amendatory language attempting to clarify that proceeds of a raffle may indeed inure to the benefit of the winner or winners or prizes. I have vetoed the item consisting of such language because I believe it is redundant and that it further raises a problem in other sections of the bill by creating a presumption that proceeds may not go to winners of amusement games (Section 2 (1)) and bingo games (Section 2 (4)) since the same amendatory language was not placed in those subsections.

4. Definition of "social card game." [Ed. note: This item veto was overridden.]

Section 2 (18) (d) contains a proviso that would allow a bona fide charitable or nonprofit organization to charge a membership fee or admission fee for the playing of social card games. This would open the way for such an organization to increase its membership fee or admission fee to such an extent as to collect, in effect, a charge for allowing members to engage in social card games. Such a charge is prohibited in the first part of subsection (d) in Section 2 (18). Accordingly, I have vetoed the referenced proviso.

5. Authorization of social card games. [Ed. note: These items vetoes were overridden.]

Sections 3 and 4 of the bill contain three items that would unduly and unwisely broaden the authorization of social card games which is the heart of the amendatory language in Section 3. The item "and guests" in Section 3, subsection 1 on page 12, would open the way for any outsiders to participate in social card games on the premises of a licensed organization so long as they are characterized as guests.

Section 3 (3) and Section 4 (2) contain items which would allow any person, association, or organization to conduct social card games as a commercial stimulant.

These items all have the effect of paving the way for public card rooms which pose serious problems of enforcement to local police officials and foster a climate of open tolerance and/or clandestine payoffs for non-enforcement of gambling laws and regulations. Accordingly, I have vetoed these items.

6. Gambling Commission powers and duties.

Section 4 (5) of the bill contains two items restricting the investigative powers of the Commission in requiring fingerprints for background checks. One item restricts such a check to persons holding "a managerial or ownership" interest in the gambling activity. This provision would encourage those persons who do not wish to reveal their backgrounds to set up sham corporations or organizations to evade this requirement.

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Another item restricts the power of fingerprinting to only those cases where there is reason to believe a background check would disclose criminal activity. This restriction creates a situation where an unwarranted presumption of past criminal activity exists each time the Commission sees fit to require fingerprinting.

I do not believe that the Commission has exercised or is about to exercise its fingerprinting power in an arbitrary and capricious manner or in any manner for the sole purpose of harassing an applicant. The items creating the restrictions are not warranted and I have therefore vetoed the same.

7. Admission fees for social card games. [Ed. note: Item veto of subsection (10) was overridden.]

Subsections 10 and 11 in Section 4 authorize the Gambling Commission to regulate and establish admission fees for playing in social card games. I have stated earlier that the admission fee can serve as a subterfuge against the prohibition of charging an amount for playing in social card games and have therefore vetoed the referenced subsections.

8. Local option on gambling.

Section 6 contains an item consisting of a proviso which precludes a county or city from prohibiting social card games in an organization licensed to conduct such games without imposing or collecting any admission fee.

I see no good reason why a county or city, if it chooses to prohibit bingo and raffle games, should not be allowed to prohibit social card games even if an organization has previously been licensed to conduct such games, and have therefore vetoed that item.

9. Punch board and pull-tab regulation.

RCW 9.46.110 presently requires the reporting of all winners of over five dollars in money or merchandise from punch boards and pulltabs. An item in Section 8 of the bill would raise the amount to fifty dollars.

This higher amount would cover most, if not all winning punches or pulls, and would therefore effectively remove this reporting requirement. This would thereby remove the safeguard in the law against an owner or licensee of punch boards and pull-tabs from punching or pulling the larger winning numbers before a player has taken his chance, since there would be no way of determining the person or persons who made winning plays.

10. Class actions for damages.

RCW 9.46.200 presently allows any civil action under that section to be considered a class action. Section 10 of the bill contains an item striking that provision of the law. Removal of that provision would have the effect of discouraging persons who have wrongfully suffered losses and damages from bringing suit against a wrongdoer unless the amount of his loss or damage were substantial enough to justify the costs and expenses attendant to a lawsuit. I believe the original intent of the law should be restored, and have therefore vetoed the referenced item.

11. Effective date.

Section 14 of the bill declares an emergency, sets an effective date, and provides that the bill is subject to referendum. Our State Constitution clearly states in Article II, Section 1 (b) that the right of referendum does not exist as to laws "necessary for the immediate preservation of the public peace, health or safety, support of the state government and its existing public institutions." Section 14 is therefore wholly inconsistent in its component parts. I believe the people must have a right of referendum on a bill of this nature, and the Legislature has not, in my opinion, preserved that right effectively in Section 14. I have therefore vetoed the entire section.

With the exception of the foregoing items, the remainder of Substitute House Bill No. 473 is approved."

Attachment A

WASHINGTON LAWS, 1974 1st Ex.Sess. (43rd Legis.3rd Ex.S.) Ch. 156

Note: Chief Clerk of the House's letter informing the Secretary of State that the Legislature has overridden certain items of the Governor's veto is as follows:

The Honorable A. Ludlow Kramer
Secretary of State
State of Washington

Dear Mr. Secretary:

On February 19, 1974, Governor Daniel J. Evans exercised partial vetoes on Substitute House Bill No. 473 entitled "AN ACT Relating to gambling". Included among those vetoes are the following:

1. The veto of the proviso on page 11 [herein page 543], Subsection 18(d) of Section 2.
2. The veto of the words "and guests" which appear on page 12 [herein page 544], Subsection (1) of Section 3.
3. The veto of the words "conduct social card games and to" which appear on page 12 [herein page 544], Subsection (3) of section 3.
4. The veto of the words "and to conduct social card games" which appear on page 14, [herein page 545], Subsection (2) of Section 4.
5. The veto of Subsection (10) of Section 4 which appears on pages 16 and 17 [herein pages 547 and 548].

The aforementioned vetoes were overridden by the House of Representatives on April 19, 1974 and by the Senate on April 23, 1974.

Respectfully submitted,

DEAN R. FOSTER
Chief Clerk

CHAPTER 156

[House Bill No. 188]

ADMINISTRATOR FOR THE COURTS—

SALARY

AN ACT Relating to the administrator for the courts; and amending section 1, chapter 259, Laws of 1957 as amended by section 1, chapter 93, Laws of 1969 and RCW 2.56.010.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

Section 1. Section 1, chapter 259, Laws of 1957 as amended by section 1, chapter 93, Laws of 1969 and RCW 2.56.010 are each amended to read as follows:

There shall be a state office to be known as the office of administrator for the courts who shall be appointed by the supreme court of this state from a list of five persons submitted by the governor of the state of Washington, and shall hold office at the pleasure of the appointing power. He shall not be over the age of sixty years at the time of his appointment. He shall receive a salary ((not to exceed twenty thousand dollars per year,)) to be

Attachment B

SECOND SUBSTITUTE HOUSE BILL 2228

AS AMENDED BY THE SENATE

Passed Legislature - 1994 Regular Session

State of Washington

53rd Legislature

1994 Regular Session

By House Committee on Revenue (originally sponsored by Representatives Heavey, Lisk, Springer, Schmidt, Van Luven and Roland)

Read first time 02/08/94.

1 AN ACT Relating to clarifying the state's public policy on gambling
2 by restricting the frequency of lottery games, addressing problem and
3 compulsive gambling, and enhancing the enforcement of the state's
4 gambling laws; amending RCW 9.46.010, 67.70.010, 67.70.040, 67.70.190,
5 9.46.0241, 9.46.220, 9.46.221, 9.46.222, 9.46.080, 9.46.235, 9.46.260,
6 and 10.105.900; reenacting and amending RCW 9A.82.010; adding new
7 sections to chapter 9.46 RCW; creating new sections; repealing RCW
8 9.46.230; prescribing penalties; and declaring an emergency.

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

10 NEW SECTION. **Sec. 1.** The legislature intends with this act to
11 clarify the state's public policy on gambling regarding the frequency
12 of state lottery drawings, the means of addressing problem and
13 compulsive gambling, and the enforcement of the state's gambling laws.
14 This act is intended to clarify the specific types of games prohibited
15 in chapter 9.46 RCW and is not intended to add to existing law
16 regarding prohibited activities. The legislature recognizes that slot
17 machines, video pull-tabs, video poker, and other electronic games of
18 chance have been considered to be gambling devices before the effective
19 date of this act.

Attachment B

1 **Sec. 2.** RCW 9.46.010 and 1975 1st ex.s. c 259 s 1 are each amended
2 to read as follows:

3 The public policy of the state of Washington on gambling is to keep
4 the criminal element out of gambling and to promote the social welfare
5 of the people by limiting the nature and scope of gambling activities
6 and by strict regulation and control.

7 It is hereby declared to be the policy of the legislature,
8 recognizing the close relationship between professional gambling and
9 organized crime, to restrain all persons from seeking profit from
10 professional gambling activities in this state; to restrain all persons
11 from patronizing such professional gambling activities; to safeguard
12 the public against the evils induced by common gamblers and common
13 gambling houses engaged in professional gambling; and at the same time,
14 both to preserve the freedom of the press and to avoid restricting
15 participation by individuals in activities and social pastimes, which
16 activities and social pastimes are more for amusement rather than for
17 profit, do not maliciously affect the public, and do not breach the
18 peace.

19 The legislature further declares that the raising of funds for the
20 promotion of bona fide charitable or nonprofit organizations is in the
21 public interest as is participation in such activities and social
22 pastimes as are hereinafter in this chapter authorized.

23 The legislature further declares that the conducting of bingo,
24 raffles, and amusement games and the operation of punch boards, pull-
25 tabs, card games and other social pastimes, when conducted pursuant to
26 the provisions of this chapter and any rules and regulations adopted
27 pursuant thereto, are hereby authorized, as are only such lotteries for
28 which no valuable consideration has been paid or agreed to be paid as
29 hereinafter in this chapter provided.

30 The legislature further declares that fishing derbies shall not
31 constitute any form of gambling and shall not be considered as a
32 lottery, a raffle, or an amusement game and shall not be subject to the
33 provisions of this chapter or any rules and regulations adopted
34 hereunder.

35 All factors incident to the activities authorized in this chapter
36 shall be closely controlled, and the provisions of this chapter shall
37 be liberally construed to achieve such end.

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Ch. 325

WASHINGTON LAWS, 1977 1st Ex. Sess.

state government and its existing public institutions, and shall take effect July 1, 1977.

Passed the House June 19, 1977.

Passed the Senate June 19, 1977.

Approved by the Governor June 30, 1977.

Filed in Office of Secretary of State June 30, 1977.

CHAPTER 326

[House Bill No. 1133]

GAMBLING

AN ACT Relating to gambling; amending section 2, chapter 218, Laws of 1973 1st ex. sess. as last amended by section 2, chapter 87, Laws of 1975-'76 2nd ex. sess. and RCW 9.46.020; amending section 3, chapter 218, Laws of 1973 1st ex. sess. as last amended by section 3, chapter 87, Laws of 1975-'76 2nd ex. sess. and RCW 9.46.030; amending section 7, chapter 218, Laws of 1973 1st ex. sess. as last amended by section 4, chapter 87, Laws of 1975-'76 2nd ex. sess. and RCW 9.46.070; amending section 8, chapter 218, Laws of 1973 1st ex. sess. as last amended by section 7, chapter 155, Laws of 1974 ex. sess. and RCW 9.46.080; amending section 10, chapter 218, Laws of 1973 1st ex. sess. and RCW 9.46.100; amending section 1, chapter 87, Laws of 1975-'76 2nd ex. sess. and RCW 9.46.115; amending section 14, chapter 218, Laws of 1973 1st ex. sess. as amended by section 8, chapter 166, Laws of 1975 1st ex. sess. and RCW 9.46.140; amending section 18, chapter 218, Laws of 1973 1st ex. sess. and RCW 9.46.180; amending section 19, chapter 218, Laws of 1973 1st ex. sess. and RCW 9.46.190; amending section 21, chapter 218, Laws of 1973 1st ex. sess. as last amended by section 10, chapter 166, Laws of 1975 1st ex. sess. and RCW 9.46.210; amending section 23, chapter 218, Laws of 1973 1st ex. sess. as last amended by section 5, chapter 155, Laws of 1974 ex. sess. and RCW 9.46.230; adding new sections to chapter 218, Laws of 1973 1st ex. sess. and to chapter 9.46 RCW; prescribing penalties; and declaring an emergency.

Be it enacted by the Legislature of the State of Washington:

Section 1. Section 2, chapter 218, Laws of 1973 1st ex. sess. as last amended by section 2, chapter 87, Laws of 1975-'76 2nd ex. sess. and RCW 9.46.020 are each amended to read as follows:

- (1) "Amusement game" means a game played for entertainment in which:
 - (a) The contestant actively participates;
 - (b) The outcome depends in a material degree upon the skill of the contestant;
 - (c) Only merchandise prizes are awarded;
 - (d) The outcome is not in the control of the operator;
 - (e) The wagers are placed, the winners are determined, and a distribution of prizes or property is made in the presence of all persons placing wagers at such game; and
 - (f) Said game is conducted or operated by any agricultural fair, person, association, or organization in such manner and at such locations as may be authorized by rules and regulations adopted by the commission pursuant to this chapter as now or hereafter amended.

Cake walks as commonly known and fish ponds as commonly known shall be treated as amusement games for all purposes under this chapter.

- (2) "Bingo" means a game in which prizes are awarded on the basis of designated numbers or symbols on a card conforming to numbers or symbols selected at random and in which no cards are sold except at the time and place of said game, when said game is conducted by a bona fide charitable or nonprofit organization which does not conduct or allow its premises to be used for conducting bingo on

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more than three occasions per week and which does not conduct bingo in any location which is used for conducting bingo on more than three occasions per week, or if an agricultural fair authorized under chapters 15.76 and 36.37 RCW, which does not conduct bingo on more than twelve consecutive days in any calendar year, and except in the case of any agricultural fair as authorized under chapters 15.76 and 36.37 RCW, no person other than a bona fide member or an employee of said organization takes any part in the management or operation of said game, and no person who takes any part in the management or operation of said game takes any part in the management or operation of any game conducted by any other organization or any other branch of the same organization, unless approved by the commission, and no part of the proceeds thereof inure to the benefit of any person other than the organization conducting said game.

(3) "Bona fide charitable or nonprofit organization" means: (a) any organization duly existing under the provisions of chapters 24.12, 24.20, or 24.28 RCW, any agricultural fair authorized under the provisions of chapters 15.76 or 36.37 RCW, or any nonprofit corporation duly existing under the provisions of chapter 24.03 RCW for charitable, benevolent, eleemosynary, educational, civic, patriotic, political, social, fraternal, athletic or agricultural purposes only, or any nonprofit organization, whether incorporated or otherwise, when found by the commission to be organized and operating for one or more of the aforesaid purposes only, all of which in the opinion of the commission have been organized and are operated primarily for purposes other than the operation of gambling activities authorized under this chapter; or (b) any corporation which has been incorporated under Title 36 U.S.C. and whose principal purposes are to furnish volunteer aid to members of the armed forces of the United States and also to carry on a system of national and international relief and to apply the same in mitigating the sufferings caused by pestilence, famine, fire, floods, and other national calamities and to devise and carry on measures for preventing the same. The fact that contributions to an organization do not qualify for charitable contribution deduction purposes or that the organization is not otherwise exempt from payment of federal income taxes pursuant to the Internal Revenue Code of 1954, as amended, shall constitute prima facie evidence that the organization is not a bona fide charitable or nonprofit organization for the purposes of this section.

Any person, association or organization which pays its employees, including members, compensation other than is reasonable therefor under the local prevailing wage scale shall be deemed paying compensation based in part or whole upon receipts relating to gambling activities authorized under this chapter and shall not be a bona fide charitable or nonprofit organization for the purposes of this chapter.

(4) "Bookmaking" means accepting bets as a business, rather than in a casual or personal fashion, upon the outcome of future contingent events.

(5) "Commercial stimulant". An activity is operated as a commercial stimulant, for the purposes of this chapter, only when it is an incidental activity operated in connection with, and incidental to, an established business, with the primary purpose of increasing the volume of sales of food or drink for consumption on that business premises. The commission may by rule establish guidelines and criteria for applying this definition to its applicants and licensees for gambling activities authorized by this chapter as commercial stimulants.

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to be used by only members and guests ((only)) to play social card games authorized by the commission, when licensed, conducted or operated pursuant to the provisions of this chapter and rules and regulations adopted pursuant thereto.

(2) Bona fide charitable or bona fide nonprofit organizations organized primarily for purposes other than the conduct of raffles, are hereby authorized to conduct raffles without obtaining a license to do so from the commission when such raffles are held in accordance with all other requirements of chapter 9.46 RCW, other applicable laws, and rules of the commission; when gross revenues from all such raffles held by the organization during the calendar year do not exceed five thousand dollars; and when tickets to such raffles are sold only to, and winners are determined only from among, the regular members of the organization conducting the raffle: **PROVIDED**, That the term members for this purpose shall mean only those persons who have become members prior to the commencement of the raffle and whose qualification for membership was not dependent upon, or in any way related to, the purchase of a ticket, or tickets, for such raffles.

(3) Bona fide charitable or bona fide nonprofit organizations organized primarily for purposes other than the conduct of such activities are hereby authorized to conduct bingo, raffles, and amusement games, without obtaining a license to do so from the commission but only when:

(a) Such activities are held in accordance with all other requirements of chapter 9.46 RCW as now or hereafter amended, other applicable laws, and rules of the commission; and

(b) Said activities are, alone or in any combination, conducted no more than twice each calendar year and over a period of no more than twelve consecutive days each time, notwithstanding the limitations of RCW 9.46.020(2) as now or hereafter amended: **PROVIDED**, That a raffle conducted under this subsection may be conducted for a period longer than twelve days; and

(c) Only bona fide members of that organization, who are not paid for such services, participate in the management or operation of the activities; and

(d) Gross revenues to the organization from all the activities together does not exceed five thousand dollars during any calendar year; and

(e) All revenue therefrom, after deducting the cost of prizes and other expenses of the activity, is devoted solely to the purposes for which the organization qualifies as a bona fide charitable or nonprofit organization; and

(f) The organization gives notice at least five days in advance of the conduct of any of the activities to the local police agency of the jurisdiction within which the activities are to be conducted of the organization's intent to conduct the activities, the location of the activities, and the date or dates they will be conducted; and

(g) The organization conducting the activities maintains records for a period of one year from the date of the event which accurately show at a minimum the gross revenue from each activity, details of the expenses of conducting the activities, and details of the uses to which the gross revenue therefrom is put.

(4) The legislature hereby authorizes any person, association, or organization operating an established business primarily engaged in the selling of food or drink for consumption on the premises to conduct social card games and to utilize punch boards and pull-tabs as a commercial stimulant to such business when licensed and

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enables him or her to play or results in or from his or her playing: PROVIDED, That this subparagraph (ii) shall not preclude collection of a membership fee which is unrelated to participation in gambling activities authorized under this subsection.

The penalties provided for professional gambling in this chapter shall not apply to sports pools as described in ((this)) subsection (6) of this section, the wagering described in subsection (7) of this section, social card games, bingo games, raffles, fund raising events, punch boards, pull-tabs, ((or)) amusement games, or to the use of facilities of a bona fide charitable or nonprofit organization for social card games or dice games, when conducted in compliance with the provisions of this chapter and in accordance with the rules and regulations of the commission.

Sec. 3. Section 7, chapter 218, Laws of 1973 1st ex. sess. as last amended by section 4, chapter 87, Laws of 1975-'76 2nd ex. sess. and RCW 9.46.070 are each amended to read as follows:

The commission shall have the following powers and duties:

(1) To authorize and issue licenses for a period not to exceed one year to bona fide charitable or nonprofit organizations approved by the commission meeting the requirements of this chapter and any rules and regulations adopted pursuant thereto permitting said organizations to conduct bingo games, raffles, amusement games, and social card games((+)), to utilize punch boards and pull-tabs in accordance with the provisions of this chapter and any rules and regulations adopted pursuant thereto and to revoke or suspend said licenses for violation of any provisions of this chapter or any rules and regulations adopted pursuant thereto: PROVIDED, That the commission shall not deny a license to an otherwise qualified applicant in an effort to limit the number of licenses to be issued: PROVIDED FURTHER, That the commission or director shall not issue, deny, suspend or revoke any license because of considerations of race, sex, creed, color, or national origin: AND PROVIDED FURTHER, That the commission may authorize the director to temporarily issue or suspend licenses subject to final action by the commission;

(2) To authorize and issue licenses for a period not to exceed one year to any person, association, or organization operating a business primarily engaged in the selling of items of food or drink for consumption on the premises, approved by the commission meeting the requirements of this chapter and any rules and regulations adopted pursuant thereto permitting said person, association, or organization to utilize punch boards and pull-tabs and to conduct social card games as a commercial stimulant in accordance with the provisions of this chapter and any rules and regulations adopted pursuant thereto and to revoke or suspend said licenses for violation of any provisions of this chapter and any rules and regulations adopted pursuant thereto: PROVIDED, That the commission shall not deny a license to an otherwise qualified applicant in an effort to limit the number of licenses to be issued: PROVIDED FURTHER, That the commission may authorize the director to temporarily issue or suspend licenses subject to final action by the commission;

(3) To authorize and issue licenses for a period not to exceed one year to any person, association, or organization approved by the commission meeting the requirements of this chapter and meeting the requirements of any rules and regulations adopted by the commission pursuant to this chapter as now or hereafter amended, permitting said person, association, or organization to conduct or operate

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(8) To require that all income from bingo games, raffles, and amusement games be recorded and reported as established by rule or regulation of the commission to the extent deemed necessary by considering the scope and character of the gambling activity in such a manner that will disclose gross income from any gambling activity, amounts received from each player, the nature and value of prizes, and the fact of distributions of such prizes to the winners thereof;

(9) To regulate and establish maximum limitations on income derived from bingo: PROVIDED, That in establishing limitations pursuant to this subsection the commission shall take into account (i) the nature, character, and scope of the activities of the licensee; (ii) the source of all other income of the licensee; and (iii) the percentage or extent to which income derived from bingo is used for charitable, as distinguished from nonprofit, purposes;

(10) To regulate and establish the type and scope of and manner of conducting ~~((social card games permitted to be played, and))~~ the gambling activities authorized by RCW 9.46.030, including but not limited to, the extent of wager, money, or other thing of value which may be wagered or contributed or won by a player in ((a social card game)) any such activities;

(11) To regulate and establish a reasonable admission fee which may be imposed by an organization, corporation or person licensed to conduct a social card game on a person desiring to become a player in a social card game. A "reasonable admission fee" under this item shall be limited to a fee which would defray or help to defray the expenses of the game and which would not be contrary to the purposes of this chapter;

(12) To cooperate with and secure the cooperation of county, city, and other local or state agencies in investigating any matter within the scope of its duties and responsibilities;

(13) In accordance with RCW 9.46.080, to adopt such rules and regulations as are deemed necessary to carry out the purposes and provisions of this chapter. All rules and regulations shall be adopted pursuant to the administrative procedure act, chapter 34.04 RCW;

(14) To set forth for the perusal of counties, city-counties, cities and towns, model ordinances by which any legislative authority thereof may enter into the taxing of any gambling activity authorized in RCW 9.46.030 as now or hereafter amended;

(15) To establish and regulate a maximum limit on salaries or wages which may be paid to persons employed in connection with activities conducted by bona fide charitable or nonprofit organizations and authorized by this chapter, where payment of such persons is allowed, and to regulate and establish maximum limits for other expenses in connection with such authorized activities, including but not limited to rent or lease payments.

In establishing these maximum limits the commission shall take into account the amount of income received, or expected to be received, from the class of activities to which the limits will apply and the amount of money the games could generate for authorized charitable or nonprofit purposes absent such expenses. The commission may also take into account, in its discretion, other factors, including but not limited to, the local prevailing wage scale and whether charitable purposes are benefited by the activities;

NEW SECTION. Sec. 5. "Bookmaking," as used in this chapter, means accepting bets as a business, rather than in a casual or personal fashion, upon the outcome of future contingent events.

NEW SECTION. Sec. 6. "Commercial stimulant," as used in this chapter, means an activity is operated as a commercial stimulant, for the purposes of this chapter, only when it is an incidental activity operated in connection with, and incidental to, an established business, with the primary purpose of increasing the volume of sales of food or drink for consumption on that business premises. The commission may by rule establish guidelines and criteria for applying this definition to its applicants and licensees for gambling activities authorized by this chapter as commercial stimulants.

NEW SECTION. Sec. 7. "Commission," as used in this chapter, means the Washington state gambling commission created in RCW 9.46.040.

NEW SECTION. Sec. 8. "Contest of chance," as used in this chapter, means any contest, game, gaming scheme, or gaming device in which the outcome depends in a material degree upon an element of chance, notwithstanding that skill of the contestants may also be a factor therein.

NEW SECTION. Sec. 9. "Fishing derby," as used in this chapter, means a fishing contest, with or without the payment or giving of an entry fee or other consideration by some or all of the contestants, wherein prizes are awarded for the species, size, weight, or quality of fish caught in a bona fide fishing or recreational event.

NEW SECTION. Sec. 10. "Gambling," as used in this chapter, means staking or risking something of value upon the outcome of a contest of chance or a future contingent event not under the person's control or influence, upon an agreement or understanding that the person or someone else will receive something of value in the event of a certain outcome. Gambling does not include fishing derbies as defined by this chapter, parimutuel betting as authorized by chapter 67.16 RCW, bona fide business transactions valid under the law of contracts, including, but not limited to, contracts for the purchase or sale at a future date of securities or commodities, and agreements to compensate for loss caused by the happening of chance, including, but not limited to, contracts of indemnity or guarantee and life, health, or accident insurance. In addition, a contest of chance which is specifically excluded from the definition of lottery under this chapter shall not constitute gambling.

NEW SECTION. Sec. 11. "Gambling device," as used in this chapter, means: (1) Any device or mechanism the operation of which a right to money, credits, deposits or other things of value may be created, in return for a consideration, as the result of the operation of an element of chance; (2) any device or mechanism which, when operated for a consideration, does not return the same value or thing of value for the same consideration upon

only from among, the regular members of the organization conducting the raffle: **PROVIDED**, That the term members for this purpose shall mean only those persons who have become members prior to the commencement of the raffle and whose qualification for membership was not dependent upon, or in any way related to, the purchase of a ticket, or tickets, for such raffles.

NEW SECTION. Sec. 28. Bona fide charitable or bona fide nonprofit organizations organized primarily for purposes other than the conduct of such activities are hereby authorized to conduct bingo, raffles, and amusement games, without obtaining a license to do so from the commission but only when:

(1) Such activities are held in accordance with all other requirements of this chapter, other applicable laws, and rules of the commission;

(2) Said activities are, alone or in any combination, conducted no more than twice each calendar year and over a period of no more than twelve consecutive days each time, notwithstanding the limitations of section 3 of this act: **PROVIDED**, That a raffle conducted under this subsection may be conducted for a period longer than twelve days;

(3) Only bona fide members of that organization, who are not paid for such services, participate in the management or operation of the activities;

(4) Gross revenues to the organization from all the activities together do not exceed five thousand dollars during any calendar year;

(5) All revenue therefrom, after deducting the cost of prizes and other expenses of the activity, is devoted solely to the purposes for which the organization qualifies as a bona fide charitable or nonprofit organization;

(6) The organization gives notice at least five days in advance of the conduct of any of the activities to the local police agency of the jurisdiction within which the activities are to be conducted of the organization's intent to conduct the activities, the location of the activities, and the date or dates they will be conducted; and

(7) The organization conducting the activities maintains records for a period of one year from the date of the event which accurately show at a minimum the gross revenue from each activity, details of the expenses of conducting the activities, and details of the uses to which the gross revenue therefrom is put.

NEW SECTION. Sec. 29. The legislature hereby authorizes any person, association or organization operating an established business primarily engaged in the selling of food or drink for consumption on the premises to conduct social card games and to utilize punch boards and pull-tabs as a commercial stimulant to such business when licensed and utilized or operated pursuant to the provisions of this chapter and rules and regulations adopted pursuant thereto.

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(2) To authorize and issue licenses for a period not to exceed one year to any person, association, or organization operating a business primarily engaged in the selling of items of food or drink for consumption on the premises, approved by the commission meeting the requirements of this chapter and any rules and regulations adopted pursuant thereto permitting said person, association, or organization to utilize punch boards and pull-tabs and to conduct social card games as a commercial stimulant in accordance with the provisions of this chapter and any rules and regulations adopted pursuant thereto and to revoke or suspend said licenses for violation of any provisions of this chapter and any rules and regulations adopted pursuant thereto: PROVIDED, That the commission shall not deny a license to an otherwise qualified applicant in an effort to limit the number of licenses to be issued: PROVIDED FURTHER, That the commission may authorize the director to temporarily issue or suspend licenses subject to final action by the commission;

(3) To authorize and issue licenses for a period not to exceed one year to any person, association, or organization approved by the commission meeting the requirements of this chapter and meeting the requirements of any rules and regulations adopted by the commission pursuant to this chapter as now or hereafter amended, permitting said person, association, or organization to conduct or operate amusement games in such manner and at such locations as the commission may determine;

(4) To authorize, require, and issue, for a period not to exceed one year, such licenses as the commission may by rule provide, to any person, association, or organization to engage in the selling, distributing, or otherwise supplying or in the manufacturing of devices for use within this state for those activities authorized by (~~RCW 9.46.030 as now or hereafter amended~~) this chapter;

(5) To establish a schedule of annual license fees for carrying on specific gambling activities upon the premises, and for such other activities as may be licensed by the commission, which fees shall provide to the commission not less than an amount of money adequate to cover all costs incurred by the commission relative to licensing under this chapter and the enforcement by the commission of the provisions of this chapter and rules and regulations adopted pursuant thereto: PROVIDED, That all licensing fees shall be submitted with an application therefor and such portion of said fee as the commission may determine, based upon its cost of processing and investigation, shall be retained by the commission upon the withdrawal or denial of any such license application as its reasonable expense for processing the application and investigation into the granting thereof: PROVIDED FURTHER, That if in a particular case the basic license fee established by the commission for a particular class of license is less than the commission's actual expenses to investigate that particular application, the commission

Attachment D

WASHINGTON LAWS, 1987

Ch. 4

(11) To regulate and establish the type and scope of and manner of conducting the gambling activities authorized by ~~((RCW 9.46.030))~~ this chapter, including but not limited to, the extent of wager, money, or other thing of value which may be wagered or contributed or won by a player in any such activities;

(12) To regulate the collection of and the accounting for the fee which may be imposed by an organization, corporation or person licensed to conduct a social card game on a person desiring to become a player in a social card game in accordance with ~~((RCW 9.46.020(20)(d) as now or hereafter amended))~~ section 21(4) of this 1987 act;

(13) To cooperate with and secure the cooperation of county, city, and other local or state agencies in investigating any matter within the scope of its duties and responsibilities;

(14) In accordance with RCW 9.46.080, to adopt such rules and regulations as are deemed necessary to carry out the purposes and provisions of this chapter. All rules and regulations shall be adopted pursuant to the administrative procedure act, chapter 34.04 RCW;

(15) To set forth for the perusal of counties, city-counties, cities and towns, model ordinances by which any legislative authority thereof may enter into the taxing of any gambling activity authorized ~~((in RCW 9.46.030 as now or hereafter amended))~~ by this chapter;

(16) To establish and regulate a maximum limit on salaries or wages which may be paid to persons employed in connection with activities conducted by bona fide charitable or nonprofit organizations and authorized by this chapter, where payment of such persons is allowed, and to regulate and establish maximum limits for other expenses in connection with such authorized activities, including but not limited to rent or lease payments.

In establishing these maximum limits the commission shall take into account the amount of income received, or expected to be received, from the class of activities to which the limits will apply and the amount of money the games could generate for authorized charitable or nonprofit purposes absent such expenses. The commission may also take into account, in its discretion, other factors, including but not limited to, the local prevailing wage scale and whether charitable purposes are benefited by the activities;

(17) To authorize, require, and issue for a period not to exceed one year such licenses or permits, for which the commission may by rule provide, to any person to work for any operator of any gambling activity authorized by this chapter in connection with that activity, or any manufacturer, supplier, or distributor of devices for those activities in connection with such business. The commission shall not require that persons working solely as volunteers in an authorized activity conducted by a bona fide charitable or bona fide nonprofit organization, who receive no compensation of any kind for any purpose from that organization, and who have no managerial or supervisory responsibility in connection with that activity, be licensed to do

Attachment E

CERTIFICATION OF ENROLLMENT

HOUSE BILL 2382

Chapter 120, Laws of 1994

53rd Legislature
1994 Regular Session

GAMBLING--COMMERCIAL STIMULANTS

EFFECTIVE DATE: 6/9/94

Passed by the House February 14, 1994
Yeas 95 Nays 0

BRIAN EBERSOLE

**Speaker of the
House of Representatives**

Passed by the Senate March 4, 1994
Yeas 35 Nays 14

JOEL PRITCHARD

President of the Senate

Approved March 28, 1994

MIKE LOWRY

Governor of the State of Washington

CERTIFICATE

I, Marilyn Showalter, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **HOUSE BILL 2382** as passed by the House of Representatives and the Senate on the dates hereon set forth.

MARILYN SHOWALTER

Chief Clerk

FILED

March 28, 1994 - 11:26 a.m.

**Secretary of State
State of Washington**

Attachment E

HOUSE BILL 2382

Passed Legislature - 1994 Regular Session

State of Washington 53rd Legislature 1994 Regular Session

By Representatives Veloria, Lisk, Heavey, Horn, Anderson, Schmidt, King, Chandler, Conway and Springer

Read first time 01/14/94. Referred to Committee on Commerce & Labor.

1 AN ACT Relating to gambling; and amending RCW 9.46.0217 and
2 9.46.0281.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 **Sec. 1.** RCW 9.46.0217 and 1987 c 4 s 6 are each amended to read as
5 follows:

6 "Commercial stimulant," as used in this chapter, means an activity
7 is operated as a commercial stimulant, for the purposes of this
8 chapter, only when it is an ~~((incidental))~~ activity operated in
9 connection with~~((, and incidental to,))~~ an established business, with
10 the ~~((primary))~~ purpose of increasing the volume of sales of food or
11 drink for consumption on that business premises. The commission may by
12 rule establish guidelines and criteria for applying this definition to
13 its applicants and licensees for gambling activities authorized by this
14 chapter as commercial stimulants.

15 **Sec. 2.** RCW 9.46.0281 and 1987 c 4 s 21 are each amended to read
16 as follows:

17 "Social card game," as used in this chapter, means a card game,
18 including but not limited to the game commonly known as "Mah-Jongg,"

Attachment F

SUBSTITUTE SENATE BILL 5560

Passed Legislature - 1997 Regular Session

State of Washington

55th Legislature

1997 Regular Session

By Senate Committee on Commerce & Labor (originally sponsored by Senators Schow, Prentice, Snyder, Anderson and Horn)

Read first time 02/27/97.

1 AN ACT Relating to social card games; amending RCW 9.46.0265;
2 adding a new section to chapter 9.46 RCW; and repealing RCW 9.46.0281.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 NEW SECTION. **Sec. 1.** A new section is added to chapter 9.46 RCW
5 to read as follows:

6 "Social card game" as used in this chapter means a card game that
7 constitutes gambling and is authorized by the commission under RCW
8 9.46.070. Authorized card games may include a house-banked or a
9 player-funded banked card game. No one may participate in the card
10 game or have an interest in the proceeds of the card game who is not a
11 player or a person licensed by the commission to participate in social
12 card games. There shall be two or more participants in the card game
13 who are players or persons licensed by the commission. The card game
14 must be played in accordance with the rules adopted by the commission
15 under RCW 9.46.070, which shall include but not be limited to rules for
16 the collection of fees, limitation of wagers, and management of player
17 funds. The number of tables authorized shall be set by the commission
18 but shall not exceed a total of fifteen separate tables per
19 establishment.

AMENDATORY SECTION (Amending Order 161, filed 9/15/86, effective 1/1/87)

WAC 230-02-380 Established business defined. "Established business" means any business (~~who~~) that has applied for and received all licenses or permits required by any state or local jurisdictions and has been open to the public for a period of not less than ninety days: *Provided*, That the commission may grant "established" status to a business that:

- (1) Has completed all construction and is ready to conduct business;
- (2) Has obtained all required licenses and permits;
- (3) Provides the commission a planned operating schedule which includes estimated gross sales from each separate activity to be conducted on the proposed premises, including but not limited to the following:
 - (a) Food and/or drinks for on-premises consumption;
 - (b) Food and/or drinks "to go"; and
 - (c) All other business activities.
- (4) Passes an inspection by the commission.

AMENDATORY SECTION (Amending Order 23, filed 9/23/74)

WAC 230-04-080 Certain activities to be operated as a commercial stimulant only—Licensing of food and/or drink businesses. The commission may issue a license to operate punchboards and pull tabs(~~(-)~~ or public card rooms(~~(-)~~ licensed for use as a commercial stimulant)) as commercial stimulants to any established business primarily engaged in the sale of food and/or drink items for consumption on the licensed premises. Such activities shall not be operated other than as a commercial stimulant. The following requirements apply to applicants for a license to use gambling activities to stimulate food and/or drink sales:

- (1) For purposes of chapter 9.46 RCW and these rules, a business shall be presumed to be a "food and/or drink business" as defined by WAC 230-02-370 if:
 - (a) It is licensed by the liquor control board to sell alcohol beverages at retail to the public for on-premises consumption and:
 - (i) It is a tavern that holds a valid Class "B" liquor license; or
 - (ii) It is a restaurant with a cocktail lounge that holds a valid Class "H" liquor license.
 - (b) It sells food and/or drink items at retail to the public and:
 - (i) All food is prepared and served for consumption on the licensed premises: *Provided*, That food may be prepared at other locations and served on the premises if the food is:
 - (A) Prepared by the licensed business; or
 - (B) Purchased from caterers by the licensed business as a wholesale transaction and resold to customers at retail.
 - (ii) The total gross sales of food and/or drink, for on-premises consumption, is equal to or greater than all other combined nongambling gross sales, rentals, or other income producing activities which occur on the licensed premises when measured on an annual basis. Applicants seeking qualification for a license under this subsection shall submit data necessary to evaluate compliance with these requirements as a part of their application. For purposes of determining total gross sales of food and drink for on-

premises consumption, meals furnished to employees, free of charge, shall be treated as sales only if:

- (A) Detailed records are maintained;
 - (B) The sale is recorded at estimated cost or menu price, but not more than five dollars per meal; and
 - (C) No more than one meal per employee is recorded during any four-hour work shift.
- (2) When an individual, partnership, or corporation operates two or more businesses within the same building or building complex and such businesses meet the requirements of subsection (1)(a) or (b) of this section, one of the businesses may be designated as a "food and/or drink business" if all of the following conditions are met:
 - (a) The business being stimulated is physically isolated from all other businesses by walls and doors that clearly demonstrate the business is separate from other business being transacted at that location;
 - (b) All business transactions conducted by the applicant business are separated from the transactions conducted by all other businesses:
 - (i) Legally in the form of a separate corporation or partnership; or
 - (ii) By physical separation of all sales and accounting functions, and the methods of separation are approved by the commission;
 - (c) All gambling activities are located and occur upon the licensed premises, as defined in the license application and approved by the commission; and
 - (d) All gambling activities occur only when the food and/or drink business is open for customer service.

AMENDATORY SECTION (Amending Order 251, filed 5/17/94, effective 7/1/94)

WAC 230-08-130 Quarterly activity reports by operators of punchboards and pull tabs. Each licensee for the operation of punchboards and pull tabs shall submit an activity report to the commission concerning the operation of the licensed activity and other matters set forth below:

- (1) Reports shall be submitted detailing activities occurring during each of the following periods of the year:
 - (a) January 1st through March 31st;
 - (b) April 1st through June 30th;
 - (c) July 1st through September 30th; and
 - (d) October 1st through December 31st.
- (2) A report shall be submitted for any period of time the activity was operated or a license was valid. If ~~((the licensee does not renew his license, then he shall file))~~ a license is not renewed, a report for the period between the previous report filed and the expiration date ~~((of his license))~~ shall be submitted;
- (3) The report form shall be furnished by the commission and the completed report shall be received in the office of the commission or postmarked no later than ~~((30))~~ thirty days following the end of the period for which it is made~~((-))~~;
- (4) The report shall be signed by the highest ranking executive officer or ~~((his))~~ their designee. If the report is prepared by someone other than the licensee or ~~((his))~~ an employee, ~~((the))~~ the preparer shall print his/her name and phone number on the report~~((-))~~;

PERMANENT

Purpose: This rule was amended to require food and/or drink businesses to be open to the public at all times gambling activities are operated.

Citation of Existing Rules Affected by this Order: Amending WAC 230-04-080.

Statutory Authority for Adoption: RCW 9.46.070.

Adopted under notice filed as WSR 99-13-206 on June 23, 1999, with a publication of July 7, 1999.

Number of Sections Adopted in Order to Comply with Federal Statute: New 0, Amended 0, Repealed 0; Federal Rules or Standards: New 0, Amended 0, Repealed 0; or Recently Enacted State Statutes: New 0, Amended 0, Repealed 0.

Number of Sections Adopted at Request of a Nongovernmental Entity: New 0, Amended 0, Repealed 0.

Number of Sections Adopted on the Agency's Own Initiative: New 0, Amended 1, Repealed 0.

Number of Sections Adopted in Order to Clarify, Streamline, or Reform Agency Procedures: New 0, Amended 0, Repealed 0.

Number of Sections Adopted Using Negotiated Rule Making: New 0, Amended 1, Repealed 0; Pilot Rule Making: New 0, Amended 0, Repealed 0; or Other Alternative Rule Making: New 0, Amended 0, Repealed 0.

Effective Date of Rule: Thirty-one days after filing.

August 18, 1999

Susan Arland

Rules Coordinator

AMENDATORY SECTION (Amending WSR 95-07-094, filed 3/17/95, effective 7/1/95)

WAC 230-04-080 Certain activities to be operated as a commercial stimulant only—Licensing of food and/or drink businesses. The commission may issue a license to operate punch boards and pull-tabs or public card rooms as commercial stimulants to any established business primarily engaged in the sale of food and/or drink items for consumption on the licensed premises. Such activities shall not be operated other than as a commercial stimulant and the food and/or drink business shall be open and providing service to the general public at all times gambling activities are operated. The following requirements apply to applicants for a license to use gambling activities to stimulate food and/or drink sales:

(1) For purposes of chapter 9.46 RCW and these rules, a business shall be presumed to be a "food and/or drink business" as defined by WAC 230-02-370 if:

(a) It is licensed by the liquor control board to sell alcohol beverages at retail to the public for on-premises consumption and:

(i) It is a tavern that holds a valid Tavern - No Persons Under 21 Allowed License (formerly referred to as a Class "B" liquor license); or

(ii) It is a restaurant with a cocktail lounge that holds a valid Spirits, Beer and Wine Restaurant License (formerly referred to as a Class "H" liquor license).

(b) It sells food and/or drink items at retail to the public and:

(i) All food is prepared and served for consumption on the licensed premises: Provided, That food may be prepared at other locations and served on the premises if the food is:

(A) Prepared by the licensed business; or

(B) Purchased from caterers by the licensed business as a wholesale transaction and resold to customers at retail.

(ii) The total gross sales of food and/or drink, for on-premises consumption, is equal to or greater than all other combined nongambling gross sales, rentals, or other income producing activities which occur on the licensed premises when measured on an annual basis. Applicants seeking qualification for a license under this subsection shall submit data necessary to evaluate compliance with these requirements as a part of their application. For purposes of determining total gross sales of food and drink for on-premises consumption, meals furnished to employees, free of charge, shall be treated as sales only if:

(A) Detailed records are maintained;

(B) The sale is recorded at estimated cost or menu price, but not more than five dollars per meal; and

(C) No more than one meal per employee is recorded during any four-hour work shift.

(2) When an individual, partnership, or corporation operates two or more businesses within the same building or building complex and such businesses meet the requirements of subsection (1)(a) or (b) of this section, one of the businesses may be designated as a "food and/or drink business" if all of the following conditions are met:

(a) The business being stimulated is physically isolated from all other businesses by walls and doors that clearly demonstrate the business is separate from other business being transacted at that location;

(b) All business transactions conducted by the applicant business are separated from the transactions conducted by all other businesses:

(i) Legally in the form of a separate corporation or partnership; or

(ii) By physical separation of all sales and accounting functions, and the methods of separation are approved by the commission;

(c) All gambling activities are located and occur upon the licensed premises, as defined in the license application and approved by the commission; and

(d) All gambling activities occur only when the food and/or drink business is open for customer service.

WSR 99-18-003

PERMANENT RULES

GAMBLING COMMISSION

[Order 376—Filed August 18, 1999, 12:25 p.m.]

Date of Adoption: August 13, 1999.

Purpose: Changes were made to maintain consistency with chapter 10.97 RCW. Language was added to clarify that licensee and applicant conviction data submitted or obtained during the investigative process can be released through public disclosure.

Attachment I

WSR 06-07-157

PERMANENT RULES

GAMBLING COMMISSION

[Order 457 -- Filed March 22, 2006, 9:35 a.m. , effective January 1, 2008]

Effective Date of Rule: January 1, 2008.

Purpose: The gambling commission is rewriting its rules manual using plain English techniques. The rules manual has been divided into sections and is being rewritten a section at a time. The first sections reviewed are the licensing chapter. As part of the rewrite, some items from other chapters (chapter [230-02](#) WAC, General provisions and definitions; chapter [230-04](#) WAC, Licensing; chapter [230-08](#) WAC, Records and reports; and chapter [230-12](#) WAC, Rules of general applicability), may be incorporated into the new licensing chapter. Following are rules regarding licensing and permitting which are rewritten in plain English and numbered as chapter [230-03](#) WAC. Fees related to permits, licenses, and identification stamps are numbered as chapter [230-05](#) WAC.

Statutory Authority for Adoption: [RCW 9.46.070](#).

Adopted under notice filed as WSR 06-04-057 on January 27, 2006, with a published date of February 15, 2006.

Changes Other than Editing from Proposed to Adopted Version: [WAC 230-03-020](#) and [230-03-210](#) were updated to reflect changes to current rules filed under WSR 06-04-040 with a published date of February 15, 2006, and adopted under WSR 06-07-084. The amendment increased the threshold to qualify for a punchboard/pull-tab business permit from \$20,000 to \$25,000.

Number of Sections Adopted in Order to Comply with Federal Statute: New 0, Amended 0, Repealed 0; Federal Rules or Standards: New 0, Amended 0, Repealed 0; or Recently Enacted State Statutes: New 0, Amended 0, Repealed 0.

Number of Sections Adopted at Request of a Nongovernmental Entity: New 0, Amended 0, Repealed 0.

Number of Sections Adopted on the Agency's Own Initiative: New 76, Amended 0, Repealed 0.

Number of Sections Adopted in Order to Clarify, Streamline, or Reform Agency Procedures: New 0, Amended 0, Repealed 0.

Number of Sections Adopted Using Negotiated Rule Making: New 0, Amended 0, Repealed 0; Pilot Rule Making: New 0, Amended 0, Repealed 0; or Other Alternative Rule Making: New 76, Amended 0, Repealed 0.

Date Adopted: March 22, 2006.

Susan Arland

Rules Coordinator

OTS-8542.3

Chapter [230-03](#) WAC

Attachment I

NEW SECTION

WAC 230-03-175 Requirements for commercial stimulant businesses. Businesses must provide evidence for us to determine the business' qualifications as a commercial stimulant as set forth in [RCW 9.46.0217](#). That evidence includes, but is not limited to:

(1) Proof that it is an "established business" as used in [RCW 9.46.0217](#). "Established business" means any business that has been open to the public for sales of food or drink for on-premises eating and drinking for ninety days or more; or

(a) Provides us with a proposed operating plan which includes:

(i) Hours of operation; and

(ii) Estimated gross sales from each separate activity the business will conduct on the business premises including, but not limited to:

(A) Food or drinks for "on-premises" eating and drinking; and

(B) Food or drinks "to go"; and

(C) All other business activities; and

(b) Is ready to conduct food or drink sales; and

(c) Passes an inspection by us; and

(2) Proof that it is "primarily engaged in the selling of food or drink for consumption on premises" as used in [RCW 9.46.070\(2\)](#). "Primarily engaged in the selling of food or drink for consumption on premises" means that before receiving a gambling license the business has total gross sales of food or drink for on-premises consumption equal to or greater than all other combined gross sales, rentals, or other income-producing activities which occur on the business premises when measured on an annual basis.

Attachment J

WAC 230-03-175 Requirements for commercial stimulant businesses. Businesses must provide evidence for us to determine ~~((the business'))~~ their qualifications as a commercial stimulant as ~~((set forth))~~ required in [RCW 9.46.0217](#). That evidence includes, but is not limited to:

(1) Proof that it is an "established business" as used in [RCW 9.46.0217](#). "Established business" means any business that:

~~(a)~~ Has been open to the public for sales of food or drink for on-premises eating and drinking for ninety days or more; or

~~((a) Provides))~~ (b) Passes an inspection by us, is ready to conduct food or drink sales, and gives us ~~((with))~~ a proposed operating plan which includes:

(i) Hours of operation; and

(ii) Estimated gross sales from each separate activity the business will conduct on the business premises including, but not limited to:

(A) Gross sales from food or drinks sold for "on-premises" eating ~~((and))~~ or drinking; and

(B) Gross sales from food or drinks sold "to go"; and

(C) Gross sales from all other business activities; and

~~((b) Is ready to conduct food or drink sales; and~~

~~(e) Passes an inspection by us; and))~~

(2) Proof that it is "primarily engaged in the selling of food or drink for consumption on premises" as used in [RCW 9.46.070\(2\)](#). "Primarily engaged in the selling of food or drink for consumption on premises" means that before receiving a gambling license the business has total gross sales of food or drink for on-premises consumption equal to or greater than all other combined gross sales, rentals, or other income-producing activities which occur on the business premises when measured on an annual basis.

[Statutory Authority: [RCW 9.46.070](#). 06-07-157 (Order 457), § 230-03-175, filed 3/22/06, effective 1/1/08.]

WSGC's Response to Question 4

Wager Limit Changes as of January 13, 2023 - Prepared by Commission Staff

Date/Year	POKER in:			HBCR	HBCR	Tribal
	Card room	Class F	HBCR			
1974	\$2					
1977	\$5					
1990	\$10					
1991-1995 Phase I					13 tables @	\$10
					10 tables @	\$25
1991-1995 Phase II					9 tables @	\$10
					13 tables @	\$25
					1 table @	\$100
1995 Phase I						\$250
1995 Phase II						\$500
2000	\$25	\$25	\$25	New HBCR	\$25	
				Exper HBCR	\$100	
2003					\$100	
2004				limited tables	\$200	
2006					\$200	
2008	\$40	\$40	\$40		\$300 *	
2013	\$40	\$40	\$40			
	Texas Hold'Em only	\$100	\$100			
Sept 2016	\$40	\$100	\$300*			
Dec 2016	\$40	\$300*	\$300*			
2021-current						\$500
Limitation Appendix					25% of tables @	\$1,000
					Limited, pre-screened	\$5,000

* No documentation was found indicating a basis for how the new wager limits were determined.

Poker (blue) and HBCR (green) wager limits are set by rules adopted by the commission based on the authority granted by the legislature in [RCW 9.46.070\(11\), Powers and duties, and](#) [RCW 9.46.0282, Definition of social card game.](#)

Tribal wager limits are set by the respective Tribal-State Compacts.

WSGC's Response to Question 5

<https://www.in2013dollars.com/us/inflation/2008?amount=300>

\$300 in 2008 is worth \$413.55 today

Amount	Start year	End year	
\$ 300	2008	2023	Calculate

[\\$300 in 2010 – 2023](#) [\\$300 in 2005 – 2023](#) [Inflation rate in 2023](#) [Future inflation calculator](#)

Inflation from 2008 to 2023

Cumulative price change	37.85%
Average inflation rate	2.16%
Converted amount (\$300 base)	\$413.55
Price difference (\$300 base)	\$113.55
CPI in 2008	215.303
CPI in 2023	296.797
Inflation in 2008	3.84%
Inflation in 2023	6.45%
\$300 in 2008	\$413.55 in 2023

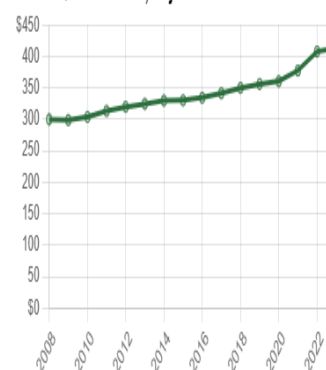
Value of \$300 from 2008 to 2023

\$300 in 2008 is equivalent in purchasing power to about \$413.55 today, an increase of \$113.55 over 15 years. The dollar had an average inflation rate of 2.16% per year between 2008 and today, producing a cumulative price increase of 37.85%.

This means that today's prices are 1.38 times as high as average prices since 2008, according to the Bureau of Labor Statistics consumer price index. A dollar today only buys 72.543% of what it could buy back then.

The inflation rate in 2008 was 3.84%. The current inflation rate compared to last year is now 6.45%. If this number holds, \$300 today will be equivalent in buying power to \$319.36 next year. The current inflation rate page gives more detail on the latest inflation rates.

\$300 in 2008, adjusted for inflation



Contents

1. Overview
2. Buying Power of \$300
3. Inflation by City / Country
4. Inflation by Spending Category
5. Formulas & How to Calculate

<https://www.in2013dollars.com/us/inflation/2008?amount=300>

Dollar inflation: 2008-2023

Year	Dollar Value	Inflation Rate
2008	\$300.00	3.84%
2009	\$298.93	-0.36%
2010	\$303.84	1.64%
2011	\$313.43	3.16%
2012	\$319.91	2.07%
2013	\$324.60	1.46%
2014	\$329.86	1.62%
2015	\$330.26	0.12%
2016	\$334.42	1.26%
2017	\$341.55	2.13%
2018	\$350.06	2.49%
2019	\$356.23	1.76%
2020	\$360.62	1.23%
2021	\$377.57	4.70%
2022	\$407.78	8.00%
2023	\$413.55	1.42%*

* Compared to previous annual rate. Not final. See [inflation summary](#) for latest 12-month trailing value.

Jess Losi:

Thank you, chair. Commissioners ex officios, for the record, my name's Jess Losi. I'm a special agent in the regulation unit. Feel free to turn to tab six and your commission meeting packet. We have a petition for discussion and possible filing regarding wagering limits for house bank card games. If you recall, at the August 2022 meeting, commissioners accepted a petition and chose to initiate rulemaking to amend WAC 230-15-140 related to wager limits for house bank card games. Before you today are four draft language options to consider in no particular order. We've labeled these as option A, B, C, and D. Option A will allow wagering limits over the current maximum limit of \$300, but not to exceed 500 under certain conditions. Conditions include limits over \$300 must be approved in internal controls. Only three tables will be authorized to have the higher limits. Licensees must establish a designated space such as like high limit room for the tables where limits over \$300 will be played.

Problem gambling signage must be posted in that room, and verification that players are not on the self-exclusion list will be required before players can wager over \$300. Option B increases a maximum wagering limit from \$300 to \$500 for a single wager. And option C increases the maximum wagering limit from \$300 to \$400 per a single wager. And then the last rule draft roll option increases the maximum wagering limit from \$300 to \$500. And in addition, it allows wagering limits up to a thousand dollars. Again, under certain conditions as I just referenced with regards to option A, the conditions are the same. You'll notice as one of your attachments staff completed a history of wagering limits document that outlines all the wagering limits for tribal casinos and house bank card rooms since the mid 1970s to current.

I also wanted to note for the commissioners, when we first received this petition along with all petitions, we create a link on our public website for the public to go in and provide comment on all our petitions. So we did that right away with this particular petition. After the August commission meeting, we did receive a letter from a general manager from Chips and Palace and Lakewood in support of raising the wagering limits as originally proposed by the petitioner. Staff, since the August commission meeting, also held a stakeholder meeting. We opened up to the industry, the gaming industry. We had 14 participants. The overall consensus in that stakeholder meeting was they were supportive of raising the wagering limits. Staff also held a meeting with our tribal partners to discuss this petition.

Over the last couple months, the petitioner, if you recall, Vicki Christopherson, she represents Maverick Gaming. She submitted three different documents that are also attached in your meeting packet. One of the documents addressed some of the questions that commissioners had at the August commission meeting. Another document they provided gave a brief history of gambling in Washington state. And then the last document was a review that they did of wagering limits and states other than Washington. It should be noted that WGC staff has not independently verified the facts contained in those documents, but they are attached for reference. Staff during the last couple months have reached out to the Evergreen Council on prom gambling for feedback or any further resources to see what type of impact higher wagering limits would have on prom gambling. We haven't received any specific information yet, but staff did find an impact study. Was that a Massachusetts? In the rule summary, there's a couple links that you can go to, to review what the findings were. Neither report that we saw indicated the higher wagering limits were predictors of prom gambling.

If the commissioners do choose to file one of the rule options that I mentioned earlier today, staff will begin seeking feedback from licensee tribal partners in the public again, once we have a better direction on potentially the rule version. And your options for today are to file one of the draft language options for further discussion, request staff to continue to work on draft language, file the amended language with changes you can make during this public meeting, or withdraw the notice of rulemaking and state any reasons for the withdrawal. One other note I will make for the commission is the earliest we could

bring this rule package back to you for final action would be at the March 2023 meeting. So I'll stay on for any questions you may have. And that concludes.

Commissioner Levy:

Thank you, Jess. Does anyone have any comments? Commissioners, any questions? I think maybe I'll start because I remember, and it might have been the August meeting, I think I requested the October meeting minutes, but we'll have to figure that out. But Commissioner Reeves had a lot of questions surrounding this and I don't recall what all those questions were, which is why I wanted to look at the minutes and review those. And I think that it looks like Maverick kind of went through and answered most of those questions, which I appreciate. That took a lot of work. It's very lengthy.

But I think what me personally would like to look back at some of the questions, see what Maverick put forward, pick out what's the most important now for trying to... I still don't feel like I have quite enough information, and well, I appreciate that Maverick put it all forward. And there could be bias, so maybe get the staff to pick out some of the things and continue to work on some of those answers and get some of more of the questions answered. Which I don't know that the staff can tackle all of those because it was a lot. But just to try to narrow it down some. So that's what I would like to do at this point. I don't know how the other commissioners feel. Commissioner Patterson.

Commissioner Patterson:

Thank you. Commissioner Levy, what questions are on are you talking? What things are you talking about? Can you give me some examples?

Commissioner Levy:

No. When we first opened this up, there was a lot of questions by not only her. I think Representative Kloba had quite a few questions as well. And then it was a lengthy discussion. I would just need to look back through the minutes. That's what, and determine exactly. And maybe we don't need them all answered. I just want to make sure because I remember thinking at that meeting that there was a lot of important discussion that occurred and a lot of things that were brought up.

Commissioner Patterson:

So procedurally, I'm a little confused. There were any questions that were asked. Maverick did respond. You're saying that they fully respond.

Commissioner Levy:

They did. The staff didn't get to verify everything, and so I just want a little bit of verification on some of the materials they brought forth. I'll do some of my own research on what they brought forth. It was a lot of information that Maverick brought forth. I read through it all. I just want to be able to verify it and make sure that I have a full understanding. And that if some of it needs to be clarified or verified by our own staff, that we can have the opportunity to do that.

Commissioner Patterson:

Okay. That sounds great. I just want to ask staff to be sure to include that information in the packet when we take this up next time.

Commissioner Levy:

Yeah.

Commissioner Patterson:

I mean if they're maybe the best way to do it is to outline questions were how [inaudible 00:32:38] answer and what is left that needs to be answered.

Commissioner Levy:

Right. Yeah. And I just personally think I need a little bit more time to do that before I feel comfortable just choosing one of these options. That's all.

Commissioner Sizemore:

Okay. And I guess you kind of answered it maybe towards the end, you feel like you need more time prior to choosing one of the options or any other option that we have. Okay. I think while I respect that, I think if we maybe go through public comment, certainly if there were any other commissioner questions, I think maybe at that point maybe we can see if we're still on that same spot and then maybe consider a motion and then see where that goes to whether that ends the matter or moves in along would be my proposal.

Commissioner Levy:

All right. That sounds good. Let's see. Commissioner Lawson, did you have any comments so far?

Commissioner Lawson:

Thank you Commissioner Levy or Chair Levy. No, I think that I'm in the same position where I would like to see some of the information that was provided. In support of the rule change, I would like to see that information verified by commission staff.

Commissioner Sizemore:

Okay. Thank you. So are we ready for public comment [inaudible 00:34:34] commissioners? Do we have any public comment on this?

Vicki Christopherson:

Yes. [inaudible 00:34:41] sign up share.

Commissioner Levy:

You're fine.

Vicki Christopherson:

Good afternoon, commissioners. Vicki Christopherson here today on behalf of Maverick Gaming. Thanks again for continuing to work on this important proposal. I guess what I want to start with is Lisa and your finance person basically made our case. The same reason that you are seeking to increase license fees, those issues with respect to the cost of doing business, it hasn't been since 2018 that our wager limits have been adjusted. It's been since 2009. We're now on 14 years without an adjustment to the wager limit in card rooms. So for the industry, when we look at the fact that it is in fact shrinking, it is a very difficult industry to be in, and making sure that the companies can remain solvent just as the

commission needs to do as well. I think it's important that these issues that we bring forward in rule petitions are addressed in a timely manner.

You're right, the hearing happened in August, and Jess will correct me, I'll have to go back and look at my email, but I'm pretty sure we provided all of this information in September-ish, maybe October, which seems to me to be enough time to get some verification about the information that we provided. The state's wager limits information we provided is publicly available and we only compared of states that had commercial wagering, commercial gaming like ours so that we could be doing an apples to apples comparison. I understand in talking to many folks over the last several months that there's some policy concerns or questions around whether high limit in the thousand dollars range is the right way to go. And to me that issue, it's fair to say that that issue needs some more discussion and something we would be willing to continue to do. But with respect to the adjustment from three to our suggested 500, honestly, to us, that seems fairly routine given that it's been since 2009, since our wager limits have been adjusted.

It does not out of the ordinary. And again, given the constraints and the realities that all businesses including state agencies are dealing with now, the cost of workers, the cost of benefits, the cost of supplies and goods, the cost of food, everything is going up. And you can see the consolidation happening in our industry, it's happening partly because of these issues. And in our opinion, the commission has an obligation to work with us to ensure that the industry can remain solvent.

We have a bit of frustration in that we have now four rule petitions before you, three of them have been 10 months with no discussion or action, this one since August. And so I understand the desire for more time. At the same time we really look to collaborate. We're not going to oppose fee increases. That's obviously something that comes with our work with the commission, but we just ask for the same consideration for our businesses as we continue to go forward. So I would hope that the commission could move forward with initiating rulemaking on the \$500 limit. That still gives you plenty of time because you wouldn't be adopting it now. You'd be directing staff to draft language, which then you could continue to get answers to your questions while that conversation is going on. A delay in initiating rulemaking until March then puts us again several months until some action can be taken. So that's our request. I appreciate the consideration, appreciate the complexities, and we stand ready to answer any questions. Thank you.

Commissioner Levy:

Thank you. Okay. Do we have any other comments or...? Hello?

Luke Esser:

Good afternoon. My name is Luke Esser. I speak on behalf of the Kalispel Tribe. And our interest in this rule's petition was initially drawn by the petitioner's reference to tribal gaming as was indicated on the first page of the staff report. The final bullet under the petitioner feels this changes as needed for several reasons. And the final bullet initially was to keep the wagering limits for card rooms fair and consistent with competitors, specifically tribal casinos. And I think we have hopefully put that issue to rests with the discussion about how fundamentally different tribal gaming is as created on and regulated under India Gaming Regulatory Act at the federal level versus the state structure for commercial gaming.

I am among those who thought that there was going to be a thorough review by staff in the lead up to this discussion as to the foundations of the authorization by the legislature for the card rooms in the

state of Washington. And while Maverick certainly has the right to present their response to that background, I think the commission would benefit from a more objective analysis.

And one point I'll make, but I don't think it's been addressed at all, is that it is still part of state law RCW 94, 946070 about the gaming commission. The commission shall have the following powers and duties sub two to authorize and issue licenses for a period not to exceed one year to any person association or organization operating a business primarily engaged in the selling of items and food or drink for consumption on the premises. And so I think the commission should, before even entertaining an increase in these betting limits, go back and take a look at the foundation that the legislature has provided to you for the whole construct of card room gaming in the state of Washington.

And the final point I want to make is regarding inflation and the suggestion that there's a merited increase, your staff has done a good job of pointing out that there's been four different benchmarks over time for the betting limits in the card rooms, the initial \$25 in 1997, up to \$100 in 2000, up again 2004 to \$200, up again in 2009 to \$300. And if you examine each of those and adjust for inflation, it's only the most recent of those for which there would be any argument that an inflationary adjustment is warranted. So I would encourage you to have staff verify that I took a look at my own numbers on usinfcalculator.com, so I'm no expert in the field. But for most of those different benchmarks that have been adopted over time, you're already above with the current \$300 limit what inflation would've called for at this point in time. So I think there's a lot of unanswered questions for the commissioners to gather more information on before making a and rendering a judgment on this proposal. So thank you for the opportunity to share those thoughts.

Commissioner Levy:

Thank you very much. Is there any other comments?

Julie:

Okay. Commissioner Patterson.

Commissioner Levy:

Oh, commissioner Patterson.

Commissioner Patterson:

So, madam chair, I just wanted to say that I'm ready to take the vote today and it's the prerogative, the chair, I imagine to readjust the action on the agenda and that's what you signaled that you want to do. But I'm ready to take a vote today. I thought testimony was pretty compelling for how we've been delaying this. And then no explanation is to what the outstanding questions are that our staff have broadly addressed. So I wanted to put that on the record. I feel that unless we explain what [inaudible 00:43:08] we don't know or that we're uncomfortable about, which is what this [inaudible 00:43:12] is for, I'm ready to prove, or what it's-

Commissioner Levy:

All right. Does anyone else have any comments or we can open it up to a motion?

Commissioner Sizemore:

So the last public comment discussed RCW 9.46.070 sub two, which describes a business primarily engaged in the selling of items of food or drink. And yet I have also seen a different parts of the statute

9.46.02.17 that just is the definition of commercial stimulants and it doesn't include the term primary. So I think we have a conflicting statute it feels like, which doesn't give me any more confidence in whether, and I think it's a lot of it is certainly up to interpretation. I want to make sure that we're not outside of our lane, that we're staying within our authority. I think that with the definition of commercial stimulant being outlined and primary not being part of that, it lends itself to the fact that there's certainly a possibility that the legislature doesn't require that to be a primary function. And then you get into whether that's how do you define further define, which I think we have the authority to do by rule, which I don't know, director, whether we've done that by rule outside of the statute or if we have, I'd like to hear.

Director Griffin:

Yes. So there is a definition in rule of commercial stimulant, and it is WAC 230 03 175, excuse me. That's the requirements for commercial stimulant business. Give me a minute. I can see if we have a definition of commercial stimulants. We do not have a definition for commercial stimulant. Usually we don't have rules that when there's already an RCW because the RCW is authority language. So we do not have a definition of commercial stimulant in WAC. We only have the additional requirements for commercial stimulant business defined in WAC.

Commissioner Sizemore:

Okay. All right. Well, I guess that's conclusion of my remarks at this point.

Commissioner Levy:

Are there any other comments?

Commissioner Lawson:

This is Commissioner Lawson. I first would like to thank the petitioners for all the research and work that they've done here. There's a lot here to absorb and I want to thank you for taking the time to put this information together. I think I'd still like to see some analysis of the information that was put forward that would be done by commission staff that would be a bit more objective. And I would still like to see the minutes from our prior discussion to really be able to draw those lines linking the question that was asked by each commissioner and the answer that was provided by the petitioner in the materials. As well as have additional time to read and analyze the RCW and the WAC and come to some sort of conclusion about what those statutes and regulations say.

Commissioner Levy:

Thank you.

Commissioner Sizemore:

So I guess I have a question for my fellow commissioners of whether, sorry. So right now to get into the rulemaking process, right now we're at the 101 phase from what I understand. So 101 to start rulemaking has gone on, 102 is proposed language, and then certainly 103 is an up or down vote on adopting. Is that an accurate shorthand way of looking at it? So I guess from my fellow commissioners, I'm curious if folks feel like this is a conversation that can be had after adopting some proposed language today. And I think I heard Commissioner Patterson suggests yes, Commissioner Levy no, and Commissioner Lawson feels like maybe no. But I think that there may be some value in moving this along

to the 102 level. And maybe my first reason for that is that I would truly like to take the thousand dollars high limit proposal or aspect of this proposal off the table. I don't think that that's appropriate.

I think if we go back to the record back in August, I'm pretty sure that I made it pretty abundantly clear. I didn't feel like card rooms and tribal casinos were apples and apples and were not competitors in a sense as maybe as being suggested. So that record just will continue as long as this topic is before us, because our staff adds to that worksheet essentially, and those were contentions at the beginning. So all of that to say, I think that there may be some value in getting the thousand dollars high limit, part of the conversation off the table, go ahead and do a motion to do a 102, and then we're not limited to going forward, stopping, pausing, taking the time necessary to do what I think I'm hearing some folks need.

Commissioner Levy:

Okay. Just a question for staff, maybe. How long does the 102 period last?

Director Griffin :

Probably 180 days.

Commissioner Levy:

From like today or?

Director Griffin:

Nope, from when you file it. So we haven't filed anything with the code reviser's office. So 180 days from the filing of the document with the code revisers. So then you can renew that filing with the code reviser or another 180 days as well.

Commissioner Levy:

Okay. And then Commissioner Sizemore, not to put you on the spot, but what would be your proposal of, if you were to file that, what would the wager increases be?

Commissioner Sizemore:

Well, I think Commissioner Patterson had a motion that she wanted to make, so I don't want to step on that.

Commissioner Levy:

Okay.

Commissioner Patterson:

I was just going to express my opinion. I wasn't making a motion, but I mean, I'd be glad to put a motion forward that you can vote on. I don't know what good that would do because everyone's shown their cards, unless somebody's interested in changing. I can probably move forward with option B. If I were to make a motion, that's what I would move that we continue to consider option B.

Commissioner Levy:

And the only reason I was asking that, because I guess another question for staff, if we could stay B now 300 to 500, could we later lower it to 400 if we wanted to, or then you can still just do whatever?

Director Griffin:

Right. Any, because until you take final action, you can make changes. So if they're substantive or substantial, then you have to refile the 102. But yes, you can make changes.

Commissioner Levy:

Okay. Just want to make sure. Okay. Is there any other comments then?

Commissioner Sizemore:

I guess I have one more. Hopefully just one more. And this is to staff. So for our usual rules process, the 102 is really when we do the heavy duty stakeholder work generally?

Director Griffin:

Correct.

Commissioner Sizemore:

Okay.

Director Griffin:

Because there's nothing when there's no rule.

Commissioner Sizemore:

No potential language.

Director Griffin:

Well, at this point we've just initiated rulemaking and the petitioner has provided a suggested language. So that would be the only thing to talk about. I mean we could listen to feedback, but that is somewhat what we did in September is feedback on the petition because there was no language. And if I may, I will add that even if the rule is up for final action, you can decide not to move forward with rulemaking at that time. So you could withdraw the initiation of rulemaking at that time. So just because something is filed, even with the 102 and you're ready to come forward for final action, it can be removed.

Commissioner Levy:

Thank you. Hey, do we have any other comments? Yes, commissioner Patterson.

Commissioner Patterson:

So having listened to all that, I'm just curious if we move forward for rulemaking process, if I were to forward a motion that we move forward with option B, is that not enough time for commissioners to get their other questions answered so that they could be incorporated into discussion about that motion?

Commissioner Levy:

I think 180 days is probably enough time. Yeah.

Commissioner Patterson:

Okay.

Commissioner Lawson:

Yeah, I agree. 180 days is enough time. And I'm comfortable with moving forward with one of the options presented. My only caveat was that I just needed more time to digest everything that's been presented and wanted a little bit more counterpoint from commission staff. But given that that is still going to take place once we take action today, then I'm comfortable with taking a vote on one of the options.

Commissioner Patterson:

Okay. Well, having that'll forward a motion when you're ready [inaudible 00:56:57].

Commissioner Sizemore:

[inaudible 00:56:57] need to make a motion.

Commissioner Levy:

Okay. We have a motion then. Yes, go ahead.

Commissioner Patterson:

Are you ready for a motion?

Commissioner Levy:

Yes.

Commissioner Patterson:

Okay. So I'd like [inaudible 00:57:05] this time we move forward with option B, which will increase the maximum waging from, excuse me, yes, B, which will move the limit from 300 \$500 for a single wager.

Commissioner Levy:

Thank you. Do we have a second?

Commissioner Sizemore:

I'll second that.

Commissioner Levy:

Okay. All those, sorry, do we have any additional comments now that's been moved and seconded? Okay. Then all those in favor, please say aye.

Commissioner Sizemore:

Aye.

Commissioner Lawson:

Aye.

This transcript was exported on Jan 11, 2023 - view latest version [here](#).

Commissioner Levy:

Aye.

Commissioner Patterson:

Aye.

Commissioner Levy:

All right. The motion passes four commissioners.

Lohse, Jess (GMB)

From: Griffin, Tina (GMB)
Sent: Thursday, August 11, 2022 1:31 PM
To: Lohse, Jess (GMB)
Subject: FW: Wager limit rule change petition
Attachments: Wager limit rule change petition.pdf

Please put this with the HBCR rules file. It was read into the record of the Commission meeting on August 11, 2022.

From: AgencyWebsite (GMB) <agency.website@wsgc.wa.gov>
Sent: Thursday, August 11, 2022 8:05 AM
To: Anderson, Julie (GMB) <julie.anderson@wsgc.wa.gov>; Griffin, Tina (GMB) <tina.griffin@wsgc.wa.gov>
Subject: FW: Wager limit rule change petition

Nicole Frazer
Administrative Assistant 3, CEU/Regulations
Agency Evidence Officer & Agency ACCESS TAC
Phone: 509-325-7905 Cell - 509-530-0743
Nicole.Frazer@wsgc.wa.gov

From: Tony Johns - Chips & Palace Casinos <tjohns@evergreengaming.com>
Sent: Wednesday, August 10, 2022 5:31 PM
To: AgencyWebsite (GMB) <agency.website@wsgc.wa.gov>
Subject: Wager limit rule change petition

External Email

To whom it may concern,

Please see the attached statement on behalf of Evergreen Gaming regarding the Table limit rule change petition on the agenda for the 8/11/22 meeting.

Thank you,

Tony Johns
General Manager
Chips/Palace Casinos
Lakewood, Wa
253-720-8369



Evergreen gaming wishes to support the submitted rules petition requesting that the maximum wager limits be increased to \$500 and \$1,000 limited to no more than three table games. Evergreen gaming believes that this rule change is necessary to continue to keep up with the increasing wage growth and skyrocketing inflation. Evergreen gaming wishes to remain competitive with its pay and benefits offerings throughout the food and entertainment industry. The \$500 table limits will play a vital role in doing this and the \$1,000 limits, on up to three table games will allow us to provide a desirable option to the top 3% of guests who currently go out of state where comparable limits are offered. We thank you for your consideration of this rule change and look forward to participating in future discussions on how to implement it most effectively in a way that promotes safe and responsible gaming.

Tony Johns

A handwritten signature in dark ink, appearing to read "Tony Johns", with a long, sweeping underline.

General manager

Chips Casino and Palace Casino

Lakewood, WA.

Lohse, Jess (GMB)

From: no-reply@wsgc.wa.gov on behalf of Washington State Gambling Commission via Washington State Gambling Commission <no-reply@wsgc.wa.gov>
Sent: Friday, January 27, 2023 2:19 PM
To: Rules Coordinator (GMB)
Subject: Request for Public Comment Submission from wsgc.wa.gov

External Email

Submitted on Friday, January 27, 2023 - 2:18pm Submitted by anonymous user: 74.82.229.35 Submitted values are:

Select a Topic: Petition for Rule Change: Wagering limits for house-banked card games

Name: Jerry Howe

Organization: Ellensburg Gaming, Inc.

Comments: We are a small room that caters to locals and we don't have very many customers that would utilize the higher limits, but it would be a nice option to have for those that are interested. It would allow us to keep more of the local customers at home rather than them leaving our area to seek out higher limits. These new proposed limits would merely catch us up to how much everything else has increased in recent years.

The results of this submission may be viewed at:

<https://gcc02.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwsgc.wa.gov%2Fnode%2F19%2Fsubmission%2F3776&data=05%7C01%7Crules.coordinator%40wsgc.wa.gov%7C6cc9ea8ddb2b49f351f808db00b476bc%7C11d0e217264e400a8ba057dcc127d72d%7C0%7C0%7C638104547350714236%7CUnknown%7CTWFpbGZsb3d8eyJWlloiMC4wLjAwMDAiLCJQIjoiV2luMzliLCJBTil6lk1haWwiLCJXVCi6Mn0%3D%7C3000%7C%7C%7C&sdata=czXD47C2d%2FnhgT4Tu%2BgOFgYsj4urVmApZcFGmypONA8%3D&reserved=0>

Follow up to questions posed by WSGC member to Maverick Gaming petition to increase wager limits

The following QA includes the queries mentioned in public meetings and other correspondence specific to Maverick Gaming's request for an update to regulations to allow a wager increase for Washington cardrooms.

Historical foundation:

The Washington State Legislature Passed [SHB 473](#) in 1974 to allow cardrooms. Significant updates to the initial law have occurred only four times since 1981.

- 1981 – Allowance for a local tax on card room revenue increased from 5% to 20% (there is no state tax on gambling). Fees from card rooms support the operations of its regulatory body, the Washington State Gambling Commission. [SB 3307](#)
- 1996 – Card rooms expanded from 5 tables to 15 tables. [SB 6430 bill page](#). Bill Text
- 1997 – Nontribal House-banked card rooms approved. [SB 5560 bill page](#).
- [Bill Text](#)
- 2006 – Wager limits for card rooms increased to \$200 at all tables. Previously, a \$200 wager limit was only allowed at three tables per card room.
- 2007 – Rules published in the [Washington State Register](#) by the Washington State Gambling Commission, defining the sale of food and drink by card game licensees as a “commercial stimulant” that should not be included in gross gambling receipts:
 - “If card game licensees prepare and provide food and drink as a part of the entry fee, they may treat the fair market value of the food and drink as commercial stimulant sales and not include it as gross gambling receipts.”
- 2008 – Card rooms allowed to expand hours to operate seven days a week, 24 hours per day. Previously, card rooms were only authorized to operate 20 hours per day.
- 2009 – Wager limits for card rooms increased to \$300 at all tables. Previously, a wager limit of \$200 was in place for all tables.
- 2012 – Card rooms authorized to offer carryover pots for up to 10 games. This was previously not authorized. Wager limits for “Texas hold ‘em” games raised from \$40 to \$100.

QA

How did you arrive at your request for \$500 limits from \$300 limits? How does chain inflation factor into this? What are the impacts of inflation on cardroom operations?

- Minimum wage in 2009 was \$8.55 when wager limit increased from \$250 to \$300.

- Minimum wage in 2022 is \$14.49 now which is 1.69x of 2009 would point to an the increase of close to \$508. We rounded it down to \$500.
- Minimum wage is going to be \$15.74 next year but we think \$500 is still reasonable.

Washington's card rooms are a legal, regulated participant in our state's economy and the laws and rules governing their operation should reflect the economic reality of the times.

- The impact of inflation has driven operating costs have been greatly affecting stability
 - Food & Beverage
 - Food, beverage, and liquor are significant in cost to our operations. Attached food items we paid in 2019 has now increased by +50% this year. The same buffet menu we offered in 2019 costs **60% more to do now**. **A list of current price sheet will be provided separately.**
 - Gaming Equipment
 - Two of our essential and most used gaming equipment, playing cards and gaming chips, have a significant jump on the price under the inflation
 - Playing cards up from \$0.80 per deck to now \$1.66 per deck, a **107.5% increase**
 - Gaming chips up from \$1.39 (qty 2,000) and \$0.78 (qty 3,000) to \$2.54 (qty 2,000) and \$2.28 (qty 3,000). **82.7% increase in cost**
 - Supply shortage
 - The shortage has been another factor to drive the cost increase because when we cannot receive, for example, ketchup in time from our supplier we will need to shop around wherever there's a supply. The imbalance in supply and demand naturally grants the product to whom pays more and that inevitably drove up our cost to supply products to our guests.
 - Freight is the other factor that has put more weight on the increase of product costs
 - Payroll
 - This data of min wage increase has been addressed in prior meeting and with another new 8.6% increase, effective January 2023, is going to make it harder to operate in a healthy margin
 - To get people hired, the cost is much higher than the min wage increase. We are competing with other employers for the same pool of workable source in WA, where the living costs is on the top list across the nation's 50 states. McDonald is hiring at \$23.00 while they were able to increase a Big Mac combo from \$9 to \$13.50 now to justify the payroll increase.
 - Due to COVID, the employee insurance cost has also increased from the claims and premium by insurance company.

How will tier 1, 2 and 3 supplies be impacted by this proposed increase in wager limits?

How have the statutes and rules evolved for "social card games" and "commercial stimulants"?

The laws and rules governing social card games have been updated by the Legislature and the Washington State Gambling Commission since their creation in 1974 to reflect the economic reality of the times. *Please see “A Brief History of Gambling in Washington” for a general timeline and contextual information.*

Social card games were first defined in statute in [SHB 473](#), adopted in 1974, as a regulated gaming option available for bona fide charitable or non-profit organizations. Social card games were also available to any person, organization or association when utilized as a commercial stimulant. In 1987, the Legislature in adopting [HB 6](#) determined the definition of “commercial stimulant” relating to social card games as: “an activity that is an incidental activity operated in connection with, and incidental to, an established business, with the primary purpose of increasing the volume of sales of food or drink for consumption on that business premises.”

Following the opening of the first Tribal casinos in 1992, the Legislature in a 95-0 vote in the House and a 35-14 vote in the Senate defined “commercial stimulant” as no longer secondary or incidental to an established business. In adopting [HB 2382](#), the Legislature revised the definition of “commercial stimulant” relating to social card games, striking the two instances of the word “incidental” and one of “primary.” “‘Commercial stimulant,’ as used in this chapter, means an activity is operated as a commercial stimulant, for the purposes of this chapter, only when it is an ~~incidental~~ activity operated in connection with, ~~and incidental to~~, an established business, with the primary purpose of increasing the volume of sales of food or drink for consumption on that business premises.”

In 1996 and 1997, the definition of social card games was again updated by the Legislature to increase the maximum number of tables from five to 15 and to allow for house-banked card rooms. According to legislative records, testimony, and a review of floor speeches by lawmakers, the Legislature was responding to a desire to allow card rooms to remain a competitive business. The Commission engaged in corresponding rulemaking to adopt the regulations governing the operation of house-banked card rooms.

Additional rulemaking after the creation of house-banked card rooms includes four updates to the wager limits allowed for house-banked card rooms from 2006 to 2012. Finally, in 2007, [rules](#) published by the Washington State Gambling Commission defined the sale of food and drink by card game licensees as a “commercial stimulant” that should not be included in gross gambling receipts.

When first created by the Legislature in 1974, social card games were defined as an ancillary operation to help stimulate the commercial or non-profit operations of a primary business or organization. Since 1974 – and especially since the opening of the first Tribal casinos in Washington - the Legislature has made multiple updates to the definition of social card games in statute so that they are now operated as primary for-profit commercial businesses, often with a corresponding secondary business of food and drink. The Commission has also reflected this definition in statute in its rulemaking, both in increasing wager limits to reflect the economic reality of the times and categorizing gross receipts for tax purposes.

Please provide more detail for the assertion that in the 1990’s the legislature chose expansion for card rooms (5-15 tables and allowance of house banked cardrooms).

In 1996, the state legislature approved the expansion from five tables to 15 tables for cardrooms. ([SB 6430 bill page](#). [Bill Text](#)) The Senate Bill report reads as follows:

This legislation as introduced in the Senate would expand tables from 5 to 15 and allow for house-banked card rooms. However, a substitute bill removed allowing house-banked card rooms and replaced that provision by allowing for player-supported progressive prize contests. After passing the Senate, the House attached an amendment to provide the Commission \$1 million from the General Fund. After passing the House, the Senate refused to concur, and the House receded from the amendment before again passing the bill (this time with 5 more yay votes).

Testimony against: Dick Dorsett, Pierce County; Maureen Morris, Association of Cities.

Testimony for: Senator Schow, prime sponsor; Steven Downen, Riverside Inn; George Teeney, card room operator; Dave Pardee, Skyway Bowl; Robert Saucier, Mars Hotel; Fred Steiner, Diamond Lil's; Art Lawerson, Cafe International; Lou Dales, Tower Inn

Senate sponsors: Schow, Spanel

House sponsors: Thompson, Quall, Thomas, L., Clements, Schmidt, Blanton, Buck, Schoesler, Cairnes, Conway

Senate approved 30-14-5, House approved 78-13-7 on first vote, 83-15-0 on second vote.

✓ Governor signed (Lowry)

In 1997 the state legislature established house-banked, nontribal cardrooms. ([SB 5560 bill page](#). [Bill Text](#))

House Bill Testimony Summary: "The house would make more money acting as the banker. The commission would still set wagering limits and establish the number of tables up to the maximum allowed under current law. This bill will allow card rooms to compete with the tribal casinos."

Relevant testimony from TVW's archives includes the following:

[Senate Floor Debate](#) - ~35:00 – Sen. Schow says that the update was so that the Commission would know everyone who is participating in a game.

[No mention of commercial stimulant.]

[House Floor Debate](#) - ~1:07:00 – Rep. McMorris says that the update is needed so not just anyone can bank a game and will allow owners of card rooms to make sure the games are run well. Rep. Wood says this will help a lot of the small card rooms

[House Bill report](#)

No testimony against. Pro Testimony: Steve Down, Recreational Gaming Association; Rob Saucier, Mars Hotel; and Julia Porter, Eddie's Diner.

Senate Sponsors: Schow, Prentice, Snyder, Anderson, Horn

House Sponsors: Cairnes, Hatfield, Conway, Fisher, Zellinsky

Senate Approved 44-1, House Approved 97-0

✓ Governor signed (Locke)

How are house-banked card rooms (HBCRs) marketing themselves currently?

Like restaurants, theaters, and sports, playing cards is one choice people have for entertainment. For those who gamble, playing cards at a neighborhood destination is marketable for a relaxed, convenient environment, programs that offer loyalty discounts, a good meal, community connection. We are the local Cheers bar.

Just as a movie theater markets itself as a destination for watching movies, house-banked card rooms market themselves as a destination for playing cards.

What triggers, strings, and centers of influence should determine, beyond the economic factors, when and why we raise limits in HBCRs?

For every sector in every industry, economic factors and time are key and determining factors for updates to regulation. An unchanging, stagnant environment over time is not a reality for any sector. That reality is fundamental for our request to increase wager limits. Customer choice, customer autonomy, the standard need for any business in the entertainment or hospitality industry to evolve to meet its customer's needs (or lose their business) is very much at the crux of increased wager limits at cardrooms.

A regulated utility raises rates to ensure its services meet the needs of its customers. A regulated sector such as liquor and spirits asks for permission to include tasting rooms in distilleries to respond to customer demand. Regulated providers for broadband access must ask for permission to build new infrastructure that responds to both consumer demand and the requirements of technology to function properly on its networks. Those with liquor licenses ask for the allowance to provide outdoor "café" service and food truck operators advocate for updates to parking regulations. In every instance, the needs of the people who use, enjoy, and rely on the service should be accommodated safely and responsibly in regulation. The *opposite* action, limited or reticent updates to the rules, affects the choice, control, and costs for consumers first and above everything else.

Historically the Gambling Commission has followed the Legislature's lead in updating wager limits to reflect the ongoing economic and competitive evolution of gambling in our state. Cardrooms are a legal participant in our state's economy and the laws and rules governing their operation should reflect the economic reality of the times. Updates that respect the cardroom industry have been updated a total of four times since 1981. In 2022, an update is reasonable.

Inflation impacts the operations of card rooms much like it impacts the operations of any commercial business. For card rooms, inflation drives up the cost of essential items such as poker chips and cards, the wages of employees, health care benefits and food costs.

Is there a comparison between Washington cardrooms and Tribal casinos?

No. Cardrooms do not compete with Tribal casinos on any aspect of business, except for the card players at the 15 tables they are allowed to host. 90% of cardroom customers live within 3 miles and can drop by to watch the game and meet friends for beers and burgers, or to play cards somewhere that is local and familiar. Washington cardrooms are modest both in physical footprint and gaming choices that we may offer local customers. Each property has a maximum of 15 card tables. In addition to state regulations,

card rooms have to comply with local requirements around zoning and taxes. Class III gaming, such as slots, are not available at our properties in Washington. Each card room is tailored for its neighborhood, often featuring a bar, kitchen, and regular events (such as a drag show brunch at a location in Tukwila), for its customers.

Except for the handful of card games that can be played at a Washington cardroom or at a Tribal casino, the enterprises are vastly different in scale and offerings.

Is Maverick Gaming owned by out-of-state, maybe even foreign investors from other countries?

No. Maverick's finances, and those of its owners, are required to be disclosed to and vetted in detail by the State Gambling Commission, a regulatory requirement designed to identify and prevent corruption in the industry. Maverick Gaming's \$500 million investment in the state, and each enterprise it owns and operates (including LLCs it purchased), does so under the Maverick Gaming umbrella, which is based in Kirkland, Washington. References to LLCs in the public record that are owned and operated by Maverick Gaming but based outside of Washington may be described as a "foreign entity LLC." This means that it is a property operating elsewhere in the United States, such as Colorado or Nevada. It does not mean that it is a business own or operated outside of the United States.

In addition to disclosing its source of funds as required by its regulator, Maverick Gaming also publicly shares information on its financing on its website via [press release](#): Deutsche Bank, Credit Suisse, Jefferies Group and US Bank. A review of records provided by the Washington State Gambling Commission confirms that Maverick Gaming's financing is analogous to financing of Tribal casinos in Washington.



A Brief History of Gambling in Washington State

1971-1986

When card rooms were first authorized by the Legislature, the parameters of their operations reflected their times: gambling was newly legal in Washington following a public vote and a cautious Legislature sought to bring gambling out of the corrupt shadows while stopping well short of Las Vegas style gambling.

1987-2006

When Tribal casinos first opened their doors and significantly changed the gambling sector in Washington, the Legislature again updated the parameters for commercial card rooms to reflect the times: additional tables and the ability for house-banked operations.

- "Commercial stimulant" definition revised by Legislature so that cardrooms no longer defined as a secondary business or "incidental" to another operation.

2006-TODAY

The Commission has subsequently followed the Legislature's lead in updating wager limits to reflect the ongoing economic and competitive evolution of gambling in our state.

Like restaurants, theatres and sports events, playing cards is one choice people have for entertainment. Over the past 50 years, the Legislature has adopted policy and the Washington State Gambling Commission has enacted rules that affirm the ability of cardrooms to operate in an evolving business environment, including after the launch of now several thriving Las Vegas style Tribal casinos.

1971 – The Legislature adopts HB 291 to create broad framework for legal gambling in Washington. Governor vetoes the legislation.

1972 – [SJR5](#) approved by WA voters (61.67-38.33), the measure repealed the prohibition against lotteries and instituted a requirement of a supermajority vote via the legislature or

a ballot measure to conduct one. The measure amended [Section 24 of Article II](#) of the Washington State Constitution.

1973 – Gambling Commission created. Legislature authorizes pull tabs, bingo, raffles, card rooms and "Las Vegas Night" fund-raisers. Governor vetoes card rooms [SHB 711](#).

As passed by the Legislature, SHB 711 included card rooms and social card games, but Governor Evans used his line item veto to strip the bill of card rooms and social card games. He argued that "It is clear from the last election that the people desire bingo and raffles. However, I believe that we should proceed to establish the gambling commission and allow it to experience in this area before moving further direction of allowing other activities."

1974 – Card rooms approved – [SHB 473](#) – (emergency clause attached but vetoed. Certain aspects of card games also vetoed e.g. entrance fee)

"The legislature hereby authorizes any person, association or organization to conduct social card games and to utilize punch boards and pull-tabs as a commercial stimulant."

Governor Evans again used his line item veto for aspects of the bill concerning card rooms. While allowing the new authorization this time to proceed, he vetoed language that he believed would make it too easy to host a card game, saying "These items all for public card rooms which pose serious problems of have the effect of paving the way enforcement to local police officials and foster a climate of open tolerance and/or clandestine payoffs for non- enforcement of gambling laws and regulations."

The Legislatures bill also blocked any local jurisdiction from imposing a ban on card rooms. Evans vetoed this language. He also vetoed the emergency clause.

The Commission maintains a [list of local bans](#).

1980 - [Gamscam](#)

1981 – Allowance for a local tax on card room revenue increased from 5% to 20% (there is no state tax on gambling). Fees from card rooms support the operations of its regulatory body, the Washington State Gambling Commission. [SB 3307](#)

1982 – Legislature authorizes state lottery (budget crisis - \$235 million deficit). [HB 1251](#)

1987 – The Legislature recodifies existing statutes regulating gambling, creating new definitions and other updates. In a new section, the Legislature in adopting [HB 6](#) determined the definition of "commercial stimulant" relating to social card games as:

“an activity that is an incidental activity operated in connection with, and incidental to, an established business, with the primary purpose of increasing the volume of sales of food or drink for consumption on that business premises.”

1988-92 – Congress authorizes Indian Gaming Regulatory Act, Tulalips and Lummi first Tribes in WA to complete compact negotiations and open their casinos in 1992.

1994 – Activities defined as a “commercial stimulant” are no longer defined as only secondary or incidental to an established business. By a 95-0 vote in the House and 35-14 vote in the Senate, the Legislature amends in [HB 2382](#) the definition of “commercial stimulant” relating to social card games, striking the two instances of the word “incidental” and one of “primary:”

“Commercial stimulant,’ as used in this chapter, means an activity is operated as a commercial stimulant, for the purposes of this chapter, only when it is an ~~incidental~~ activity operated in connection with, ~~and incidental to,~~ an established business, with the ~~primary~~ purpose of increasing the volume of sales of food or drink for consumption on that business premises.”

1996 – Card rooms expanded from 5 tables to 15 tables. [SB 6430 bill page.](#)
[Bill Text](#)

[Senate Bill report](#)

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Senate sponsors: Schow, Spanel

House sponsors: Thompson, Quall, Thomas,
L., Clements, Schmidt, Blanton, Buck, Schoesler, Cairnes, Conway

Senate approved 30-14-5

House approved 78-13-7 on first vote, 83-15-0 on second vote.

Governor signed (Lowry)

1997 – Nontribal House-banked card rooms approved, adding “house-banked” to definition of social card games. [SB 5560 bill page](#).

[Bill Text](#)

[House Bill Testimony Summary](#): “The house would make more money acting as the banker. The commission would still set wagering limits and establish the number of tables up to the maximum allowed under current law. This bill will allow card rooms to compete with the tribal casinos.”

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Senate Approved 44-1, House Approved 97-0
Governor signed (Locke)

2006 – Wager limits for card rooms increased to \$200 at all tables. Previously, a \$200 wager limit was only allowed at three tables per card room.

2007 – Rules published in the [Washington State Register](#) by the Washington State Gambling Commission, defining the sale of food and drink by card game licensees as a “commercial stimulant” that should not be included in gross gambling receipts:

“If card game licensees prepare and provide food and drink as a part of the entry fee, they may treat the fair market value of the food and drink as commercial stimulant sales and not include it as gross gambling receipts.”

2008 – Card rooms allowed to expand hours to operate seven days a week, 24 hours per day. Previously, card rooms were only authorized to operate 20 hours per day.

2009 – Wager limits for card rooms increased to \$300 at all tables. Previously, a wager limit of \$200 was in place for all tables.

2012 – Card rooms authorized to offer carryover pots for up to 10 games. This was previously not authorized. Wager limits for “Texas hold ‘em” games raised from \$40 to \$100.

December 1, 2022 - Maverick-provided spreadsheet on wagering limits in other states

State	Table Limit	Craps	Roulette	Baccarat	Website	Notes
Alabama	NA	NA	NA	NA		
Alaska	NA	NA	NA	NA		
Arizona	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	https://gaming.az.gov/	Sports betting racetracks & OTBs
Arkansas	NA	NA	NA	NA	Arkansas Casino Gaming Rules Department of Finance and Administration	Horse racing only
California	Unlimited	Unlimited	Unlimited	Unlimited	http://www.cgcc.ca.gov/	
Colorado	Unlimited	Unlimited	Unlimited	Unlimited	https://sbg.colorado.gov/gaming/limited-gaming	
Connecticut	NA	NA	NA	NA		Sports betting Lottery retailers
Delaware	Unlimited	Unlimited	Unlimited	Unlimited	203 Video Lottery and Table Game Regulations (delaware.gov)	Wagers set by licensee and approved by th agents. Sports betting lottery retailers and Racinos
Florida	NA	NA	NA	NA	Statutes & Constitution :View Statutes : Online Sunshine (state.fl.us)	Pari-mutuel Betting not house banked
Georgia	NA	NA	NA	NA		Only one casino cruise ship
Hawaii	NA	NA	NA	NA		
Idaho	NA	NA	NA	NA		Illegal
Illinois	Unlimited	Unlimited	Unlimited	Unlimited	https://www.igb.illinois.gov/	Wagers set by the licensee
Indiana	1,000/2,000	1,000/2,000	1,000/2,000	1,000/2,000	Called French Lick casino	Main wager/ high limit respectively
Iowa	NA	NA	NA	NA	Gaming Fees Iowa Racing and Gaming Commission	Pari-mutuel betting race tracks and river boats
Kansas	Unlimited	Unlimited	Unlimited	Unlimited	20120213_112-108-38.pdf (ks.gov)	Set by licensee
Kentucky	NA	NA	NA	NA		Horse racing and slots only
Louisiana	Unlimited	Unlimited	Unlimited	Unlimited	http://lgcb.dps.louisiana.gov/	Set by licensee
Maine	NA	NA	NA	NA	Casino Statute and Rules - Gambling Control Unit (maine.gov)	Electronic table games only
Maryland	\$500	\$500	\$500	\$500	Called Rocky Gap Casino	
Massachusetts	\$1,000	\$1,000	\$1,000	\$1,000	Called MGM Springfield Casino	
Michigan	Unlimited	Unlimited	Unlimited	Unlimited	Called MGM Detroit Casino	Must be approved by their Agents
Minnesota	NA	NA	NA	NA	Home Minnesota Gambling Control Board (mn.gov)	Charitable gaming only
Mississippi	Unlimited	Unlimited	Unlimited	Unlimited	Pearl River Resort	Must be approved by their Agents
Missouri	Unlimited	Unlimited	Unlimited	Unlimited	MISSOURI GAMING COMMISSION (mo.gov)	
Montana	Poker - Pot Limit of \$800	NA	NA	NA	https://rules.mt.gov/gateway/ChapterHome.asp?Chapter=23%2E16	Non Tribal Poker Only
Nebraska					https://revenue.nebraska.gov/	Sports betting Racinos only
Nevada	Unlimited	Unlimited	Unlimited	Unlimited	https://gaming.nv.gov/	
New Hampshire	NA	NA	NA	NA	Welcome NH Racing and Charitable Gaming Commission	Sports betting, Lottery and Charitable gaming
New Jersey	Unlimited	Unlimited	Unlimited	Unlimited	Called Borgata Casino in Atlantic City	Gaming notified.
New Mexico	NA	NA	NA	NA	Regulations New Mexico Gaming Control Board (nm.gov)	
New York	NA	NA	NA	NA	NYS Gaming Commission : Gaming	Electronic table games only
North Carolina	NA	NA	NA	NA		Tribal, bingo, raffles and charitable
North Dakota	NA	NA	NA	NA	Gaming Attorney General (nd.gov)	Charitable, online tribal and lottery
Ohio	\$5,000	\$5,000	\$5,000	\$5,000	Jack Casino Cleveland	
Oklahoma	NA	NA	NA	NA		
Oregon	NA	NA	NA	NA	https://www.doj.state.or.us/charitable-activities/charitable-gaming/charitable-gaming-license-applications-and-reports/	Sports betting lottery retailers and online
Pennsylvania	Unlimited	Unlimited	Unlimited	Unlimited		In person and iGaming
Rhode Island	10000	200	200	10000		
South Carolina	1000	500	500	NA		Boat only
South Dakota	1000	1000	1000	1000	https://dor.sd.gov/businesses/gaming/sd-commission-on-gaming/	
Tennessee	NA	NA	NA	NA		Sports betting online only
Texas	NA	NA	NA	NA	https://statutes.capitol.texas.gov/Docs/CN/htm/CN.3.htm#3.47	
Utah	NA	NA	NA	NA		
Vermont	NA	NA	NA	NA		
Virginia	50000	50000	50000	50000		
Washington	300	NA	NA	300	https://www.wsgc.wa.gov/	
Washington, D.C.	NA	NA	NA	NA		
West Virginia	Unlimited	Unlimited	Unlimited	Unlimited	http://www.wvlegislature.gov/WVCODE/Code.cfm?chap=29&art=22C#22C	Must be approved by state lottery commission
Wisconsin	No	No	No	No		
Wyoming	No	No	No	No		Sports betting online only



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July 17, 2023

Washington State Gambling Commission
PO Box 42400
Olympia, WA 98504-2400

Re: Why The Proposed Rule Petition To Amend WAC 230-15-140 Must Be Rejected

Dear Commissioners,

On behalf of the Kalispel Tribe, thank you for the opportunity to offer the following comments to the Washington State Gambling Commission (WSGC) regarding the proposed Rule Petition to Amend WAC 230-15-140 by increasing the wager limit in licensed cardrooms from \$300/hand to \$400/hand. The Kalispel Tribe supports and signed onto a letter of opposition from the Washington Indian Gaming Association, but we consider it important to add the following comments for your consideration.

We submit this letter to point out that this Rule Petition would violate the plain language and ordinary meaning of RCW 9.46.070, read as a whole, which clearly limits the authority of the WSGC to increase wager limits to only those commercial businesses "...primarily engaged in the selling of items of food or drink for consumption on the premises..." and for no others. Since the WSGC's own published data demonstrates that the licensed cardrooms in our state are not at present primarily engaged in the selling of food or drink for on-premises consumption, this Rule Petition asks the WSGC to authorize a wager limit increase that violates the agency's statutory authority and therefore must be rejected.

Statutory "Primarily Engaged" Requirements Have Been Largely Ignored So Far

During the several public discussions among WSGC Commissioners and staff regarding the proposed wager limit increase, very little attention has been given to the patently clear limitations of RCW 9.46.070(2), which specifically defines those commercial entities for which the WSGC is authorized to issue gaming licenses and which are subject to the rules and regulations adopted by the WSGC: "...any person, association, or organization operating a business primarily engaged in the selling of items of food or drink for consumption on the premises..."

Other provisions of the state Gambling Act (RCW 9.46 *et seq.*) have received considerable attention by the proponents of this Rule Petition and in the public comments by WSGC Commissioners and staff, particularly those regarding the general authority of the WSGC to set wager limits (RCW 9.46.070(11)) and the 1994 relaxation of statutory limitations on the definition of “commercial stimulant” in RCW 9.46.0217. While these other provisions are relevant to the debate over this Rule Petition, they are not dispositive. Even if this Rule Petition satisfies every other condition precedent to approval by the WSGC, which is debatable, the fact that this Rule Petition clearly fails to meet the “primarily engaged” requirements of RCW 9.46.070(2) means that this Rule Petition falls outside the legal boundaries set in the Gambling Act and therefore must be rejected by the WSGC.

The WSGC Must Give “Full Effect” To The “Primarily Engaged” Requirement

One of the cardinal rules of statutory construction is that state agencies must give full effect to all of the statutory conditions which define agency authority and may not choose to ignore any legislative provisions which set limits and boundaries on agency actions. The Washington Supreme Court has consistently held that statutes must be interpreted and construed such that all the language used is given effect, with no portion rendered meaningless or superfluous.

The oft-cited holding from *Whatcom County v. City of Bellingham* succinctly defines this longstanding principle of statutory construction:

"Statutes must be interpreted and construed so that all the language used is given effect, with no portion rendered meaningless or superfluous." *Associated Press v. Washington State Legislature*, 194 Wash.2d 915, 920, 454 P.3d 93, 96 (2019) (quoting *Whatcom County v. City of Bellingham*, 128 Wash.2d 537, 546, 909 P.2d 1303, 1308 (1996)).

This Rule Petition Would Render “Primarily Engaged” Requirement Meaningless

Even if the WSGC is sympathetic to the arguments made by petitioners regarding inflation or economic conditions or other factors, the WSGC must nonetheless give full effect to the “primarily engaged” requirements set by the Washington State Legislature in the Gambling Act. The fatal flaw in the proposed Rule Petition to raise the wager limits for commercial cardrooms is that such an action by the WSGC at the present time would render meaningless and superfluous the statutory requirement in RCW 9.46.070(2) that such commercial cardrooms be primarily engaged in the business of selling food and drink for consumption on premises – since data published in the annual reports of the WSGC demonstrate that the cardroom licensees, at the present time and in all recent times, are primarily engaged in the business of conducting gaming, with food and beverage a secondary line of business.

The Meaning Of “Primarily Engaged” Is Clear And Unambiguous

There is only one reasonable interpretation of the meaning of the “primarily engaged” language, which is that total gross sales of food or drink for on-premises consumption must be equal to or greater than all other combined sales from other activities. The WSGC came to this very conclusion in in 2008, through the adoption of WAC 230-03-175 defining the term “primarily engaged in the selling of food or drink for consumption on premises” to mean “...total gross sales of food or drink for on-premises consumption equal to or greater than all other combined gross sales, rentals, or other income-producing activities which occur on the business premises when measure on an annual basis.”

No matter how other sections of the Gambling Act are read and interpreted, the WSGC may not lawfully render the "primarily engaged" language of RCW 9.46.070 as meaningless or superfluous, as they will be doing if they increase wager limits (and thus gaming revenues) for commercial businesses that are already *not* primarily engaged in the business of selling food and drink for consumption on the premises.


Future Rules Petitions Might Be Lawful, But Not This One

A wager limit increase for commercial cardrooms might be lawful at some future time, when cardroom licensees are in compliance with statutory requirements for being primarily engaged in the business of selling food or beverage for on-premises consumption. But that is not the situation at the present time.

At the present time, with the current statutory language and current legal precedents, any request for the WSGC to raise the wager limit for commercial businesses not primarily engaged in the selling of food and drink for on-premises consumption is clearly beyond the authority granted to the agency by the Washington State Legislature in the Gaming Act, and the WSGC is therefore legally obligated to reject the proposed Rule Petition currently under consideration.

Thank you for the opportunity to share these comments on the proposed Rule Petition.

Sincerely,



Curt Holmes
Vice Chairman, Kalispel Tribe



Rule Petition to Amend

Chapter WAC 230-15-685 – Restrictions on progressive jackpots.

July 2023 – Discussion and Possible Final Action

May 2023 – Discussion and Possible Filing

April 2023 – Discussion Only

March 2023 – Initiate Rule Making

Tab 6: JULY 2023 Commission Meeting Agenda.

Statutory Authority 9.46.070

Who Proposed the Rule Change?

Tiffini Cox, representing Galaxy Gaming, Inc of Las Vegas, NV

Background

BOLD = Changes made after May 2023 Commission Meeting

Tiffini Cox, representing Galaxy Gaming, Inc., is proposing to amend WAC 230-15-685(4)(b) to allow house-banked card room licensees to connect more than one progressive jackpot on different card games. Currently, the rule only allows licensees to connect one progressive jackpot on different card games.

According to WAC 230-15-685(4):

- Progressive jackpots are considered “connected” when jackpot prize displays at gaming tables incrementally increase at the same time after players place jackpot wagers.
- Connected progressive jackpot displays must show the same prize amounts.
- Licensees may only connect progressive jackpots when:
 - Offered on the same card game on multiple tables within the same licensed location; or
 - Offered on different card games on multiple tables within the same licensed location. One progressive jackpot may be operated on a card game at a time, and the card games must have:
 - The same probability of winning the jackpot prize; and
 - The same winning hand.

Currently, licensees can connect multiple progressive jackpots when operated on the same card game. However, licensees can only connect one progressive jackpot when operated on different card games.

The petitioner feels this change is needed for several reasons:

- WAC 230-15-685(4)(a) already allows licensees to connect multiple progressive jackpots when offered on the same game. The proposed amendment in section (4)(b) would agree with what is already authorized in subsection (4)(a).
- WAC 230-15-685(4)(b) already establishes requirements for connected progressive jackpots on different card games. If a licensee connected more than one progressive jackpot to different card games, they would still need to ensure that each jackpot had the same probability of winning the jackpot and the same winning hand.
- Many approved house-banked card games offer multiple progressive jackpots. However, operators are limited to utilizing only one progressive jackpot when they want to connect jackpots across different games. This limits the games operators can offer to their customers.

The petitioner feels the effect of this rule change will enable operators to offer and connect more than one jackpot per table across different card games in the same fashion as is currently allowed across the same card games.

At the March 2023 Commission meeting, Commissioners agreed to initiate rule making on the petition for further discussion. **At the May 2023 Commission meeting, Commissioners agreed to file amended rule language for public discussion. The Commission has not received any public comments in favor of or against the petition.**

Progressive jackpots currently authorized include (see attached photos):

- 1) A single gambling table with multiple progressive jackpots;
- 2) Multiple progressive jackpots connected to the same game across multiple gambling tables; and,
- 3) Different gambling tables offering different card games connected to one progressive jackpot.

Attachments:

- Petition
- Draft “amended” WAC 230-15-685
- Photos of progressive jackpots currently authorized
- Galaxy Gaming PowerPoint

Policy Considerations

The current language in WAC 230-15-685(4)(b) became effective in November 2015 when the commission authorized progressive jackpots on different card games on multiple tables. There was no specific policy discussion on the issue raised in the current petition; and when the WAC provision was amended in 2021, there were no specific policy concerns raised.

From a regulatory standpoint, the commission already has approved recordkeeping processes for progressive jackpots that this petition would not alter in any way.

At the March 2023 meeting, Commissioners inquired about whether there should be a limit on the number of progressive jackpots that can be connected to different card games (if more than one). Staff does not have any specific regulatory concerns about allowing more than one progressive jackpot to be connected to different card games. WAC rules currently do not restrict the number of progressive jackpots that can be offered on a single table. Furthermore, WAC rules do not restrict the number of progressive jackpots that can be connected across multiple tables for the same game.

The Commission must review and approve progressive jackpot systems. Furthermore, the Commission must review and approve all card games offering progressive jackpots. The Commission requires card rooms to keep detailed records related to progressive jackpots, and regulatory agents conduct annual inspections of all progressive jackpot games in play.

Staff Recommendation

Staff recommends final action be taken, making the amended rule effective 31 days after filing with the Office of the Code Reviser.

McLean, Lisa (GMB)

From: no-reply@wsgc.wa.gov on behalf of Washington State Gambling Commission via Washington State Gambling Commission <no-reply@wsgc.wa.gov>
Sent: Tuesday, February 7, 2023 5:12 PM
To: Rules Coordinator (GMB)
Subject: Request a Rule Change Submission from wsgc.wa.gov

External Email

Submitted on Tuesday, February 7, 2023 - 5:12pm Submitted by anonymous user: 24.120.171.202 Submitted values are:

Petitioner's Name: Tiffini Cox - Galaxy Gaming, Inc.

Mailing Address: 6480 Cameron St., Suite 305

City: Las Vegas

State: NV

Zip Code: 89118

Phone: 702-938-1748

Email: tcox@galaxygaming.com

Rule Petition Type: Amend Rule – I am requesting WSGC to change an existing rule.

==Amend Rule – I am requesting WSGC to change an existing rule.==

List rule number (WAC) if known: WAC 230-15-685

I am requesting the following change:

To remove the portions of section 4b that limit linked progressive jackpots on different card games to only one progressive jackpot per table. Specifically, the following language: “Only one progressive jackpot may be operated on a card game at a time and”

Section 4b will now read: “When offered on different card games on multiple tables within the same licensed location when the following requirements are met. The card games must have:”

This change is needed because:

The requirements to link progressive jackpots on different games are currently set in WAC 230-15-685, section 4b (i) and (ii). If the requirements are followed, there should not be a limitation to operating a single jackpot only when linking on different games. Currently, operators that are interested in adding new games to link to their existing multi-jackpot tables, must decide whether to remove a jackpot, create standalone jackpots for the new game, or reconsider adding the new game in general.

In general, if the requirements for section 4b (i) and (ii) are met, there is no difference between a linked jackpot on the same game or on a different game. Likewise, as linking different games is already allowed with one jackpot, adding more jackpots that follow the requirements, does not alter any requirement, probability, etc.

The effect of this rule change will be:

Operators will be able to link more than one jackpot per table, when linking across different games, in the same fashion as is currently allowed across the same games.

Thank you for your time and consideration. Please feel free to reach out to me anytime with questions.

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%2F3791&data=05%7C01%7Crules.coordinator%40wsgc.wa.gov%7Cda569e7f0eb348e163b408db097181dc%7C11d0e217264e400a8ba057dcc127d72d%7C0%7C0%7C638114155336291101%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzliLCJBTil6IklhaWwiLCJXVCi6Mn0%3D%7C3000%7C%7C%7C&sdata=fzoyB8qJf2TsnHkiQx48JdP%2FnLBkZWAUuu3ou8vYd18%3D&reserved=0>

WAC 230-15-685 Restrictions on progressive jackpots. House-banked card room licensees operating progressive jackpots must follow these restrictions and procedures:

(1) Progressive jackpot funds must accrue according to the rules of the game.

(2) At each gambling table, licensees must prominently post the amount of the progressive jackpot that players can win along with any associated pay tables.

(3) Licensees may establish a maximum limit on a progressive jackpot prize. If licensees establish a limit, they must make the amount equal to, or greater than, the amount of the jackpot when they imposed the limit. They must prominently post a notice of the limit at or near the game.

(4) Licensees may connect progressive jackpots. Progressive jackpots are considered "connected" when jackpot prize displays at gaming tables incrementally increase at the same time after players place jackpot wagers. Connected progressive jackpot displays must show the same prize amounts. Licensees may only connect progressive jackpots:

(a) When offered on the same card game on multiple tables within the same licensed location; or

(b) When offered on different card games on multiple tables within the same licensed location (~~when the following requirements are met. Only one progressive jackpot may be operated on a card game at a time and the card games~~). The card games offering the progressive jackpot(s) must have:

(i) The same probability of winning the jackpot prize; and

(ii) The same winning hand.

(5) When gambling equipment will allow a progressive jackpot between different manufacturers, the gambling equipment must be submitted for testing for interoperability in accordance with WAC 230-06-050.

Connecting Multiple Progressive Jackpots to the Same Game

Table 1

PLAYER'S EDGE 21

\$5 JACKPOT \$47,603.27
\$1 JACKPOT \$27,932.72

MONSTER MATCH
USE ALL 4 CARDS (Player's 2 & Dealer's 2)

Four-of-a-Kind (Suited)	100%	100%
Four-of-a-Kind (Same Color)	30%	10%
Four-of-a-Kind (Same Color)	\$200	\$1,000
Three-of-a-Kind (Same Color)	\$30	\$100
Three-of-a-Kind	\$10	\$50
Full House	\$2	\$10

BONUS 21

7+ Card 21	3-1
6 Card 21	2-1
5 Card 21	3-2
6-7-8 Diamonds	3-1
6-7-8 Suited	2-1
6-7-8 Mixed	3-2

Dealer must hit soft 17
INSURANCE PAYS 2 TO 1
BLACKJACK PAYS 3 TO 2 • PLAYERS 21 IS AN AUTOMATIC WINNER

Progressive Jackpots

Table 2

PLAYER'S EDGE 21

\$5 JACKPOT \$47,603.27
\$1 JACKPOT \$27,932.72

MONSTER MATCH
USE ALL 4 CARDS (Player's 2 & Dealer's 2)

Four-of-a-Kind (Suited)	100%	100%
Four-of-a-Kind (Same Color)	30%	10%
Four-of-a-Kind (Same Color)	\$200	\$1,000
Three-of-a-Kind (Same Color)	\$30	\$100
Three-of-a-Kind	\$10	\$50
Full House	\$2	\$10

BONUS 21

7+ Card 21	3-1
6 Card 21	2-1
5 Card 21	3-2
6-7-8 Diamonds	3-1
6-7-8 Suited	2-1
6-7-8 Mixed	3-2

Dealer must hit soft 17
INSURANCE PAYS 2 TO 1
BLACKJACK PAYS 3 TO 2 • PLAYERS 21 IS AN AUTOMATIC WINNER

Progressive Jackpots

Table 3

PLAYER'S EDGE 21

\$5 JACKPOT \$47,603.27
\$1 JACKPOT \$27,932.72

MONSTER MATCH
USE ALL 4 CARDS (Player's 2 & Dealer's 2)

Four-of-a-Kind (Suited)	100%	100%
Four-of-a-Kind (Same Color)	30%	10%
Four-of-a-Kind (Same Color)	\$200	\$1,000
Three-of-a-Kind (Same Color)	\$30	\$100
Three-of-a-Kind	\$10	\$50
Full House	\$2	\$10

BONUS 21

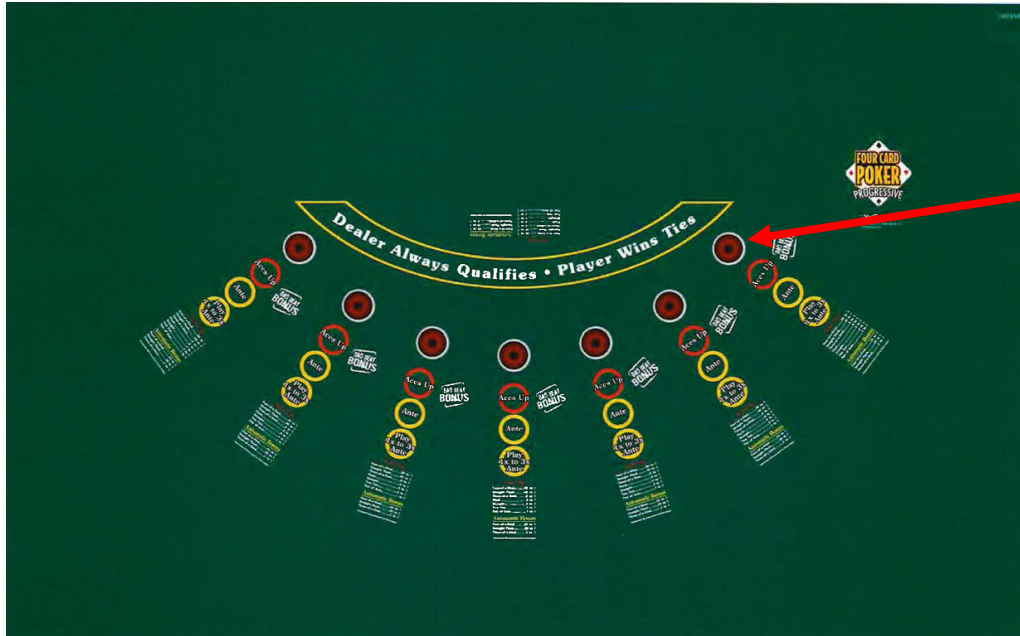
7+ Card 21	3-1
6 Card 21	2-1
5 Card 21	3-2
6-7-8 Diamonds	3-1
6-7-8 Suited	2-1
6-7-8 Mixed	3-2

Dealer must hit soft 17
INSURANCE PAYS 2 TO 1
BLACKJACK PAYS 3 TO 2 • PLAYERS 21 IS AN AUTOMATIC WINNER

Progressive Jackpots

Connecting One Progressive Jackpot to Different Card Games

Four Card Poker

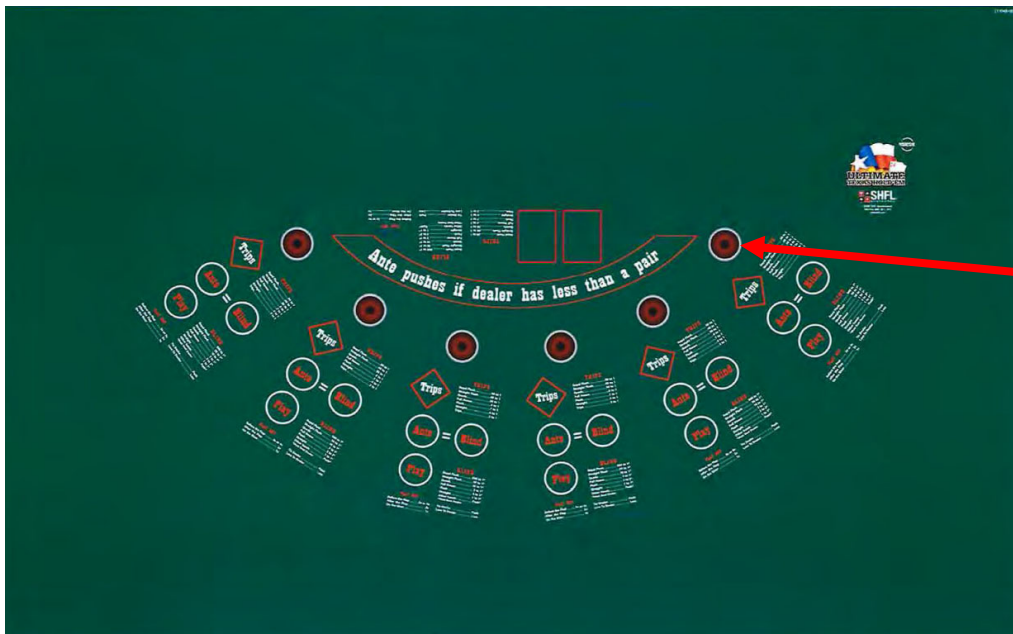


Progressive Jackpot (only one)

Must use same pay table for progressive jackpot.

Paytable 01		
Hand	Pays*	Envy**
Royal Flush	100%	\$1,000
Straight Flush	10%	\$300
Four of a Kind	300 For 1	
Full House	50 For 1	
Flush	40 For 1	
Straight	30 For 1	
Three of a Kind	9 For 1	
*Original wager is NOT returned		
**Envy payouts are multiplied by Wager Amount		

Ultimate Texas Hold 'Em



Progressive Jackpot (only one)

Multiple Progressive Jackpots on Single Table



Progressive Jackpots

BONUS 21	
7+ Card 21	3-1
6 Card 21	2-1
5 Card 21	3-2
6-7-8 Diamonds	3-1
6-7-8 Suited	2-1
6-7-8 Mixed	3-2



RULE PETITION TO AMEND

WAC 230-15-685 – RESTRICTIONS ON PROGRESSIVE JACKPOTS

Steve Cvetkoski, Tiffini Cox

4/13/23



AGENDA

1. Current rules
2. Examples
3. Proposed change
4. Questions

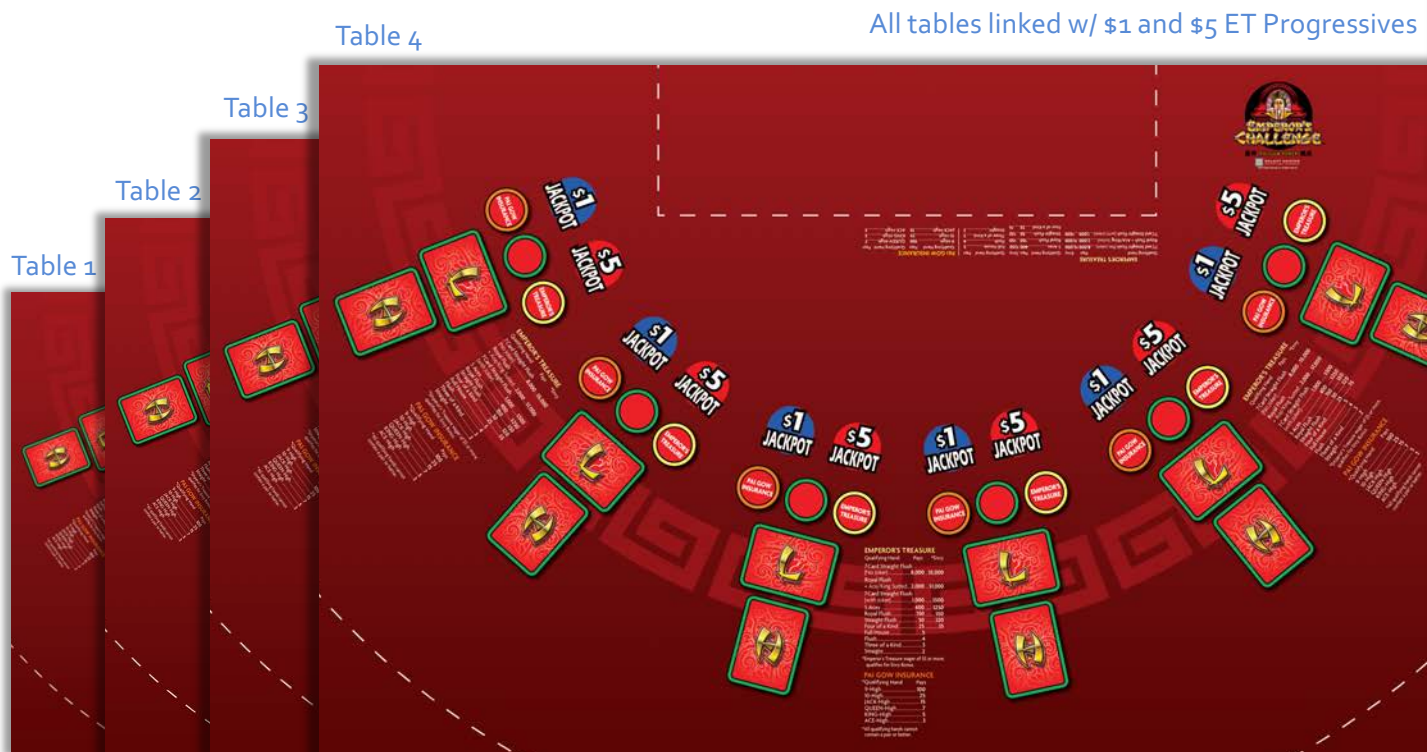
WAC 230-15-685 (4b)

Current Rule

- When offered on different card games on multiple table within the same licensed location when the following requirements are met. Only one progressive jackpot may be operated on a card game at a time and the card game must have:
 - (i) The same probability of winning the jackpot prize; and
 - (ii) The same winning hand.

Emperor's Challenge (EC)

- 2 jackpots linked across multiple tables (Multi-Denom)



All tables linked w/ \$1 and \$5 ET Progressives



皇帝 PAI GOW POKER 挑战

\$5 JACKPOT \$1,234,567.89

\$1 JACKPOT \$13,768.75

WINNING HAND	\$1 JACKPOT	\$5 JACKPOT
7 Card Straight Flush (No Joker)	100%	100%
Royal Flush (with Natural Ace/King suited)	50%	50%
7 Card Straight Flush (with Joker)	25%	25%
5 Aces	\$2,500	\$12,500
Royal Flush	\$200	\$1,000
Straight Flush	\$100	\$500
Four-of-a-Kind	\$75	\$375
Full House	\$6	\$30

Must place a \$1 and/or \$5 Progressive Jackpot Wager to be eligible.
Only the highest payout is paid per hand, per wager. Progressive Jackpot Wager not returned.

G GALAXY GAMING | © 2022 Copyright GALAXYGAMING, INC.

Emperor's Challenge Exposed (ECE)

- 2 jackpots linked across multiple tables (Multi-Denom)



All tables linked w/ \$1 and \$5 ET Progressives

EMPEROR'S CHALLENGE

EMPEROR'S CHALLENGE

\$5
JACKPOT

\$1,234,567.89

\$1
JACKPOT

\$13,768.75

WINNING HAND	\$1 JACKPOT	\$5 JACKPOT
7 Card Straight Flush (No Joker)	100%	100%
Royal Flush (with Natural Ace/King suited)	50%	50%
7 Card Straight Flush (with Joker)	25%	25%
5 Aces	\$2,500	\$12,500
Royal Flush	\$200	\$1,000
Straight Flush	\$100	\$500
Four-of-a-Kind	\$75	\$375
Full House	\$6	\$30

Must place a \$1 and/or \$5 Progressive Jackpot Wager to be eligible.
Only the highest payout is paid per hand, per wager. Progressive Jackpot Wager not returned.

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Emperor's Challenge (EC)

- 2 jackpots linked across multiple tables (Dual-Game)

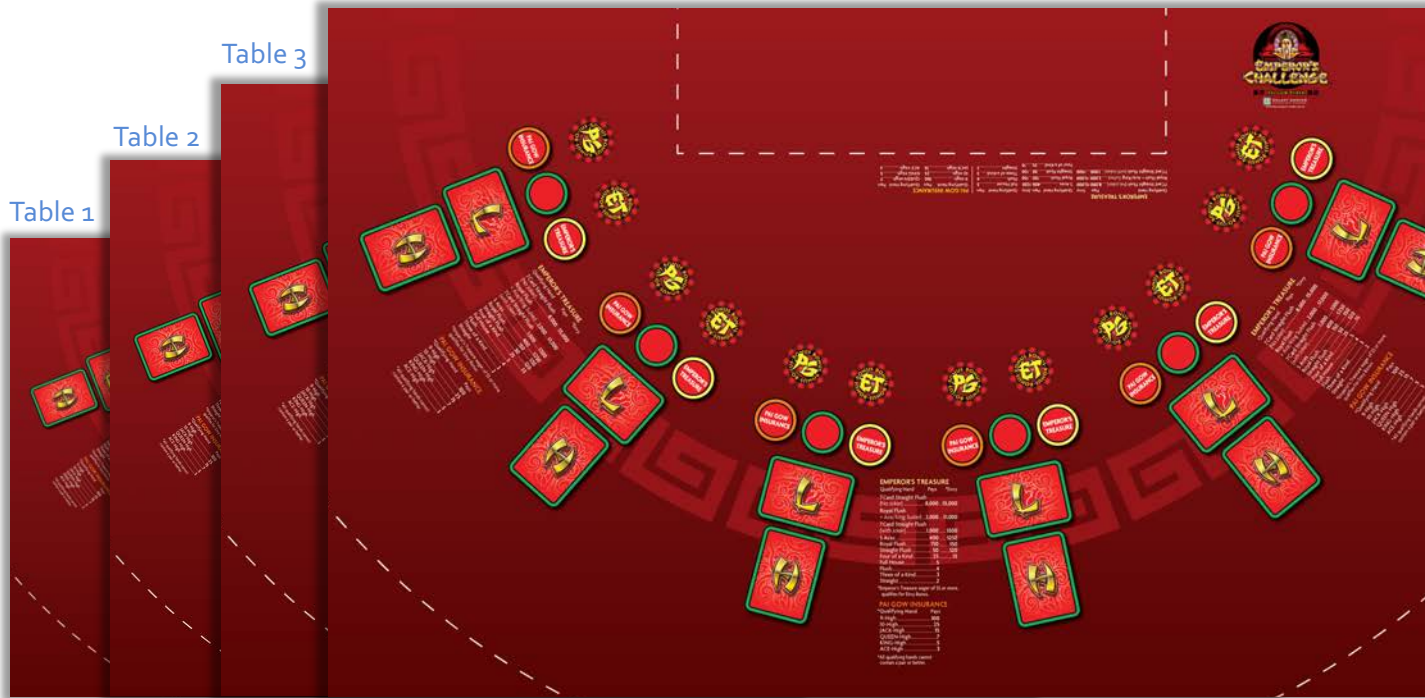
Table 4

All tables linked w/ ET and PG Progressives

Table 3

Table 2

Table 1





皇帝 PAI GOW POKER 挑战

ET \$1,234,567.89

PG \$1,234,567.89

WINNING HAND	
7 Card Straight Flush (No Joker)	100%
Royal Flush (w/Natural Ace/King Suited)	50%
7 Card Straight Flush (w/ Joker)	25%
Five Aces	\$2,500
Royal Flush	\$200
Straight Flush	\$100
Four-of-a-Kind	\$75
Full House	\$6
9 High Pai Gow (Same Color)	100%
9 High Pai Gow (Other)	\$500
10 High Pai Gow	\$125
Jack High Pai Gow	\$25
Queen High Pai Gow	\$5

Must place a \$1 Progressive Jackpot Wager to be eligible.
Only highest payout paid per hand. Progressive Jackpot Wager not returned.

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Emperor's Challenge Exposed (ECE)

- 2 jackpots linked across multiple tables (Dual-Game)

Table 4

All tables linked w/ ET and PG Progressives

Table 3

Table 2

Table 1





EMPEROR'S CHALLENGE

ET **BONUS** **BONUS**

\$1,234,567.89

PG **BONUS** **BONUS**

\$1,234,567.89

WINNING HAND

7 Card Straight Flush (No Joker)	100%
Royal Flush (w/Natural Ace/King Suited)	50%
7 Card Straight Flush (w/ Joker)	25%
Five Aces	\$2,500
Royal Flush	\$200
Straight Flush	\$100
Four-of-a-Kind	\$75
Full House	\$6
9 High Pai Gow (Same Color)	100%
9 High Pai Gow (Other)	\$500
10 High Pai Gow	\$125
Jack High Pai Gow	\$25
Queen High Pai Gow	\$5

Must place a \$1 Progressive Jackpot Wager to be eligible.
Only highest payout paid per hand. Progressive Jackpot Wager not returned.

 GALAXY GAMING | © 2021 Copyright GALAXYGAMING, INC.

Linking Across EC and ECE

- Both progressive games (ET and PGI) can be used on either game as shown.
- These are approved optional bonus wagers on both games, and meet linked progressive criteria:
 - Use the same hand evaluations
 - Same paytables
 - Same probabilities
 - Same winning hands
- **However**, when linking across EC and ECE, regardless of whether it is Dual-Game or Multi-Denom, operators must choose **ONLY ONE PROGRESSIVE** option on each table.



WAC 230-15-685 (4b)

Proposed Language

- When offered on different card games on multiple table within the same licensed location when the following requirements are met. The card game must have:
 - (i) The same probability of winning the jackpot prize; and
 - (ii) The same winning hand.



QUESTIONS





Rule Petition to Amend

- WAC 230-03-200 Defining “gambling equipment.”
- WAC 230-15-150 Selling and redeeming chips.
- WAC 230-15-280 Surveillance requirements for house-banked card games.
- WAC 230-15-500 Accounting for table inventory.
- WAC 230-15-505 Selling gambling chips to players.
- WAC 230-15-553 Defining “cash equivalent.”
- WAC 230-15-585 Using drop boxes.
- WAC 230-15-615 Conducting the count.
- WAC 230-15-620 Concluding the count.

Rule Petition for New Rules

- WAC 230-15-755 “Ticketing (TITO) system” defined.
- WAC 230-15-758 “Ticket” defined.
- WAC 230-15-761 “Invalid Ticket” defined.
- WAC 230-15-764 “TITO-enabled bill validator” defined.
- WAC 230-15-767 “Ticket redemption kiosk” defined.
- WAC 230-15-770 Ticket requirements.
- WAC 230-15-773 Requirements for ticket validation system.
- WAC 230-15-776 Requirements for TITO-enabled bill validators.
- WAC 230-15-779 Requirements for drop boxes/cassettes in TITO-enabled bill validators.
- WAC 230-15-782 Requirements for ticket redemption kiosks.

July 2023 – Discussion and Possible Filing
January 2022 – Commission Review
November 2021 – Rule-Making Petition Received

Tab 7: JULY 2023 Commission Meeting Agenda.	Statutory Authority 9.46.070
Who Proposed the Rule Change?	
Tim Merrill, Maverick Gaming from Kirkland, Washington	
Background	
<p>BOLD = Changes made after January 2022 Commission Meeting.</p> <p>Tim Merrill of Maverick Gaming in Kirkland, Washington is proposing to amend a number of rules to allow for the use of ticket-in/ticket-out using the iDROP kiosk device in card room to purchase and redeem tickets for table games play. According to the petitioner, iDROP enables players to purchase chips directly at the live gaming table from the dealer and brings ticket-in/ticket-out to live gaming tables, thus allowing players move directly from live game to live game without having to go to the cage cashier. Players are able to cash out at any time on the live gaming table and receive their money in ticket form, paid out by the iDROP kiosk. The iDROP bill acceptor system allows for easy accounting and verification of all cash in and out at each live gaming table, transaction history can be viewed in real time in the event that a customer dispute arises, and decreases the threat of counterfeit bills because every bill is verified using the iDROP bill acceptor. The petitioner also feels that manipulation in the count room would become impossible.</p> <p>The petitioner feels this change is needed because this change would allow card rooms the ability to validate and count the drop on live table games using real time data for efficient reporting of revenue. The petitioner feels there will be an increase in security because the funds will always be in secure boxes. The use of tickets will allow for a quick and secure count by having tickets to validate from data already collected at the table games. Lastly, the petitioner feels this will help combat the passing of counterfeit</p>	

bills by using a ticket-in/ticket-out device on the table games to validate all bills for authenticity.

The petitioner feels the effect of this rule change would allow the use of tickets and kiosk system instead of only allowing the purchase of chips using cash and the redemption of chips at the cage.

If the petition is accepted, our card room and manufacturer rules will need to be amended and additional new rules will need to be adopted.

At the January 2022 Commission meeting, Commissioners agreed to initiate rule making in response to the petition. Staff raised some policy concerns, but they had also not received and evaluated the equipment being discussed. Once staff did receive the equipment, they spent a number of months studying the Ticket In Ticket Out (TITO) device to understand how it worked and developed a set of rules that addressed the policy concerns raised by staff in January 2022. Staff did not test whether application of the proposed rules would be compatible with the machine provided by the petitioner. Instead, the comprehensive set of proposed new and amended rules define these types of devices and their components and set out requirements and procedures for the use of these types of devices.

In September 2022, the Commission consulted with stakeholders and tribal partners on this petition, as well as two other petitions. Of the 14 licensees at the meeting, there was support for the petition because it would help create efficiencies, streamline accounting processes, and reduce workload. Licensees also felt that it would aid in anti-money laundering compliance and detection of counterfeit currency. Tribal partners expressed concerns that use of the device could be considered an expansion of gambling, was outside the legislative intent, and could be a challenge for problem gamblers.

Attachments:

- Petition
- **Proposed amended and new rules**
- **Maverick Powerpoint presentation from January 2022 Commission Meeting**
- **Transcript from January 2022 Commission discussion on this rule petition**

Policy Considerations

Staff have the following policy concerns:

- While this equipment could reduce criminal behavior, such as the passing of counterfeit bills and theft, we are unsure how the use of iDROP will impact anti-money laundering efforts;
- Ability to maintain a closed system;
- Other impacts or changes use of this equipment would bring to the card room operation, such as count room procedures, accounting, elimination of the cage, etc.
- The security and integrity of the equipment; and
- Connectivity to the card room's accounting systems.

Having received and evaluated the TITO device, staff believe that the amended and new rules adequately address the concerns they raised in January 2022.

Problem Gambling Implications

Staff reached out to the Evergreen Council on Problem Gambling for feedback. Assistant Director Tana Russell confirmed that there was some research that supports the idea that the farther a person

is removed from the value of their standard currency, the easier it is to overspend, particularly when gambling.

Some articles on the impact of cashless systems on problem gambling include:

- [Cashless Gaming Could Increase Problem Gambling, Advocates Say | GamblingCompliance | VIXIO](#)
- [What is the impact of cashless gaming on gambling behaviour and harm? \(responsiblegambling.vic.gov.au\)](#)
- [Cashless gambling and the pain of paying: effects of monetary format on slot machine gambling \(tandfonline.com\)](#)

Staff Recommendation

Staff recommends that Commissioners file the amended and new rules for further discussion.

Laydon, Ashlie (GMB)

From: no-reply@wsgc.wa.gov on behalf of WSGC Web <no.reply@wsgc.wa.gov>
Sent: Thursday, November 11, 2021 11:42 AM
To: Rules Coordinator (GMB)
Subject: Request a Rule Change Submission from wsgc.wa.gov

External Email

Submitted on Thursday, November 11, 2021 - 11:41am Submitted by anonymous user: 50.237.113.162 Submitted values are:

Petitioner's Name: Tim Merrill
Mailing Address: 12530 NE 144th ST
City: Kirkland
State: WA
Zip Code: 98034
Phone: 4252641050

Email: TM@maverickgaming.com

Rule Petition Type: Amend Rule – I am requesting WSGC to change an existing rule.

==Amend Rule – I am requesting WSGC to change an existing rule.==

List rule number (WAC) if known: WAC 230-15-553 Defining "cash equivalent., WAC 230-15-100 Providing cards and chips in card games., WAC 230-15-145 Making wagers

I am requesting the following change:

Allow the use of ticket in ticket out using the iDROP kiosk device, in card rooms, to purchase and redeem tickets for table games play.

iDROP enables players to purchase chips directly at the live gaming table from the dealer. It also brings ticket-in, ticket-out to live gaming tables. Thus, players can move directly from live game to live game without having to go to the cage cashier. Players can cash out anytime on the live gaming table and receive their money in ticket form – paid out by the iDROP.

Players can cash out their tickets at a kiosk at any time.

The iDROP is simple to use and it provides direct, real-time information on the drop to the casino. The iDROPS are particularly of benefit on tables where players buy in larger amounts.

The iDROP bill acceptor system allows for easy accounting and verification of all cash in and cash out at each live gaming table.

The transaction history can be viewed in real time in the event of any customer disputes.

30 bills or tickets can be inserted into the iDROP bill acceptor.

Manipulation in the count room becomes impossible.

The threat of counterfeit bills is minimal because every bill is verified using the iDROP bill acceptor.

This change is needed because: First, this change would allow the cardrooms the ability to validate and count the drop on live tables games using real time data for efficient reporting of revenue. There will be an increase in security because the funds will be always secure in boxes. The use of tickets will allow for a quick and secure count by having tickets to validate from data already collected at the table games. Lastly, this will help to combat the passing of counterfeit bills by using a TITO device on the table games to validate all bills for authenticity, count the bills and print a ticket.

The effect of this rule change will be: Allowing the use of tickets and kiosk system instead of only allowing the purchase of chips using cash and the redemption of chips at the cage.

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%2F2930&data=04%7C01%7Crules.coordinator%40wsgc.wa.gov%7Cdbacafa5e9fa4c02ebdc08d9a54b4c85%7C11d0e217264e400a8ba057dcc127d72d%7C0%7C0%7C637722565115927667%7CUnknown%7CTWFpbGZsb3d8eyJWljoIMC4wLjAwMDAiLCJQIjoiV2luMzliLCJBTiI6IjEhaWwiLCJXVCi6Mn0%3D%7C1000&sdata=jl%2B1QTihyCFNh9q5RmVx%2BSSZTzyXelosZ8JDB7wISPo%3D&reserved=0>

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 including, but not limited to:

(a) Components of a tribal lottery system;
(b) Electronic devices for reading and displaying outcomes of gambling activities; and

(c) 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) Electronic raffle systems;

(7) 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;
- (8) Debit card reading devices used at gambling tables to sell chips to players;

(9) Ticket in ticket out (TITO) systems to include, but are not limited to:

- (a) TITO-enabled bill validators;
- (b) Ticket redemption kiosks.

AMENDATORY SECTION (Amending WSR 23-11-108, filed 5/19/23, effective 6/19/23)

WAC 230-15-150 Selling and redeeming chips. Card game licensees must:

- (1) Sell chips and redeem chips at the same value; and
- (2) Sell chips for cash at gambling tables. Provided that house-banked card game licensees may allow players to use debit cards to purchase chips at house-banked card game tables in accordance with WAC 230-15-506 and 230-15-507. Provided further that house-banked card game licensees may allow players to purchase chips at gambling tables with valid tickets generated by TITO-enabled bill validators; and
- (3) Keep all funds from selling chips separate and apart from all other money received; and
- (4) Not extend credit to a person purchasing chips, including to card room employees playing cards.

AMENDATORY SECTION (Amending WSR 23-11-108, filed 5/19/23, effective 6/19/23)

WAC 230-15-280 Surveillance requirements for house-banked card games. House-banked card game licensees must use a closed circuit television system (CCTV) to closely monitor and record all gambling activities and areas, including, at least:

- (1) Each table, including:
 - (a) Cards; and
 - (b) Wagers; and
 - (c) Chip tray; and
 - (d) Drop box openings; and
 - (e) Table number; and
 - (f) Card shoe; and
 - (g) Shuffling devices; and
 - (h) Players; and
 - (i) Dealers; and
 - (j) Debit card reading devices at gambling tables; and
 - (k) TITO-enabled bill validators at tables and the cashier's cage; and
- (1) Ticket redemption kiosks; and
- (2) The designated gambling areas; and
- (3) The cashier's cage, including:
 - (a) Outside entrance; and
 - (b) Fill/credit dispenser; and
 - (c) Customer transactions; and
 - (d) Cash and chip drawers; and
 - (e) Vault/safe; and
 - (f) Storage cabinets; and
 - (g) Fill or credit transactions; and
 - (h) Floor; and
- (4) The count room, including:
 - (a) The audio; and
 - (b) Count table; and
 - (c) Floor; and
 - (d) Counting devices; and

- (e) Trolley; and
- (f) Drop boxes; and
- (g) Storage shelves/cabinets; and
- (h) Entrance and exit; and
- (5) The movement of cash, gambling chips, and drop boxes; and
- (6) Entrances and exits to the card room.

AMENDATORY SECTION (Amending WSR 23-11-108, filed 5/19/23, effective 6/19/23)

WAC 230-15-500 Accounting for table inventory. (1) House-banked card game licensees must establish procedures to ensure proper accounting for chips and coins stored at gambling tables, known as the "table inventory."

(2) Licensees must not add or remove chips or coins from the table inventory except:

- (a) In exchange for cash from players; or
- (b) In exchange for debit card transactions from players according to WAC 230-15-506; or
- (c) In exchange for tickets generated by TITO-enabled bill validators; or
- (d) To pay winning wagers and collect losing wagers made at the gambling table; or
- ~~((d))~~ (e) In exchange for chips received from a player having an equal total face value (known as "coloring up" or "coloring down"); or
- ~~((e))~~ (f) In compliance with fill and credit procedures.

AMENDATORY SECTION (Amending WSR 23-11-108, filed 5/19/23, effective 6/19/23)

WAC 230-15-505 Selling gambling chips to players. House-banked card game licensees must accurately account for all chips, debit card transaction receipts, tickets generated by TITO-enabled bill validators, and cash when they sell chips to players. Licensees must sell chips only at the gambling table.

AMENDATORY SECTION (Amending WSR 08-03-062, filed 1/14/08, effective 2/14/08)

WAC 230-15-553 Defining "cash equivalent." "Cash equivalent" means a:

- (1) Treasury check; or
- (2) Personal check; or
- (3) Traveler's check; or
- (4) Wire transfer of funds; or
- (5) Money order; or
- (6) Certified check; or

- (7) Cashier's check; or
- (8) Check drawn on the licensee's account payable to the patron or to the licensee; or
- (9) Voucher recording cash drawn against a credit card or debit card; or
- (10) Tickets generated by TITO-enabled bill validators.

AMENDATORY SECTION (Amending WSR 23-11-108, filed 5/19/23, effective 6/19/23)

WAC 230-15-585 Using drop boxes. (1) House-banked card game licensees must use a drop box to collect all cash, tickets redeemed by TITO-enabled bill validators, chips, coins, debit card transaction receipts, requests for fill, fill slips, requests for credit, credit slips, and table inventory forms.

(2) The dealer or the floor supervisor must deposit these items in the drop box.

AMENDATORY SECTION (Amending WSR 23-11-108, filed 5/19/23, effective 6/19/23)

WAC 230-15-615 Conducting the count. (1) All house-banked card room licensees must have a three person count team except as set forth in subsections (2) and (3) of this section. The three person count team must conduct the count as follows:

(a) The contents of drop boxes must not be combined before the count team separately counts and records the contents of each box; and

(b) As each drop box is placed on the count table, a count team member must announce the game, table number, and shift, if applicable, loudly enough to be heard by all persons present and to be recorded by the audio recording equipment; and

(c) A count team member must empty the contents onto the count table; and

(d) Immediately after the contents are emptied onto the count table, a count team member must display the inside of the drop box to the closed circuit television camera, and show it to at least one other count team member to confirm that all contents of the drop box have been removed. A count team member must then lock the drop box and place it in the drop box storage area; and

(e) Count team member(s) must separate the contents of each drop box into separate stacks on the count table by denominations of coin, chips, and cash and by type of form, record, or document; and

(f) At least two count team members must count, either manually or mechanically, each denomination of coin, chips, cash, ~~((and))~~ debit card transaction receipts, and tickets redeemed by TITO-enabled bill validators separately and independently. Count team members must place individual bills and coins of the same denomination ~~((and))~~, debit card transaction receipts, and tickets redeemed by TITO-enabled bill validators on the count table in full view of the closed circuit television cameras, and at least one other count team member must observe and confirm the accuracy of the count orally or in writing; and

(g) As the contents of each drop box are counted, a member of the count team must record the total amount of coin, chips, cash, ~~((and))~~ debit card transaction receipts, and tickets redeemed by TITO-enabled bill validators counted (the drop) on the master games report; and

(h) If a cage cashier has recorded the opener, closer, fill slips, and credit slips on the master game report before the count, a count team member must compare the series numbers and totals recorded on the master game report to the fill slips, credit slips, and table inventory slips removed from the drop boxes, confirm the accuracy of the totals, and must record, by game and shift, the totals we require on the master game report. Otherwise, the count team must complete all required information on the master game report; and

(i) The accounting department may complete the win/loss portions of the master game report independently from the count team if this is properly documented in the approved internal controls.

(2) The two person count team for licensees with card game gross gambling receipts of less than ~~((\$5 million))~~ \$5,000,000 in their previous fiscal year must conduct the count as follows:

(a) The contents of drop boxes must not be combined before the count team separately counts and records the contents of each box; and

(b) As each drop box is placed on the count table, a count team member must announce the game, table number, and shift, if applicable, loudly enough to be heard by all persons present and to be recorded by the audio recording equipment; and

(c) A count team member must empty the contents onto the count table; and

(d) Immediately after the contents are emptied onto the count table, a count team member must display the inside of the drop box to the closed circuit television camera, and show it to at least one other count team member to confirm that all contents of the drop box have been removed. A count team member must then lock the drop box and place it in the drop box storage area; and

(e) A count team member must separate the contents of each drop box into separate stacks on the count table by denominations of coin, chips, and cash and by type of form, record, or document; and

(f) One count team member must count, either manually or mechanically, each denomination of coin, chips, cash, ~~((and))~~ debit card transaction receipts, and tickets redeemed by TITO-enabled bill validators separately and independently. The count team member must place individual bills and coins of the same denomination ~~((and))~~, debit card transaction receipts, and tickets redeemed by TITO-enabled bill validators on the count table in full view of the closed circuit television cameras, and the other count team member must observe and confirm the accuracy of the count orally or in writing; and

(g) As the contents of each drop box are counted, a member of the count team must record the total amount of coin, chips, cash, ~~((and))~~ debit card transaction receipts, and tickets redeemed by TITO-enabled bill validators counted (the drop) on the master games report; and

(h) As the count is occurring, a surveillance employee must record in the surveillance log the total chips cash, ~~((and))~~ debit card transaction receipts, and tickets redeemed by TITO-enabled bill validators counted for each drop box and the announcement by the count team of the combined dollar count of all drop boxes; and

(i) If a cage cashier has recorded the opener, closer, fill slips, and credit slips on the master game report before the count, a count team member must compare the series numbers and totals recorded on the master game report to the fill slips, credit slips, and table

inventory slips removed from the drop boxes, confirm the accuracy of the totals, and must record, by game and shift, the totals we require on the master game report. Otherwise, the count team must complete all required information on the master game report; and

(j) The accounting department may complete the win/loss portions of the master game report independently from the count team if this is properly documented in the approved internal controls.

(3) The two person count team for licensees with card game gross gambling receipts between (~~(\$5 million and \$15 million)~~) \$5,000,000 and \$15,000,000 in their previous fiscal year and use a currency counter must conduct the count as follows:

(a) The currency counter to be used must meet the following requirements:

(i) Automatically provides two separate counts of the funds at different stages in the count process. If the separate counts are not in agreement during the count process and the discrepancy cannot be resolved immediately, the count must be suspended until a third count team member is present to manually complete the count as set forth in subsection (1) of this section until the currency counter is fixed; and

(ii) Displays the total bill count and total dollar amount for each drop box on a screen, which must be recorded by surveillance.

(b) Immediately prior to the count, the count team must verify the accuracy of the currency counter with previously counted currency for each denomination actually counted by the currency counter to ensure the counter is functioning properly. The test results must be recorded on the table games count documentation and signed by the two count team members performing the test; and

(c) The currency counter's display showing the total bill count and total dollar amount of each drop box must be recorded by surveillance during the count; and

(d) The contents of drop boxes must not be combined before the count team separately counts and records the contents of each box; and

(e) As each drop box is placed on the count table, a count team member must announce the game, table number, and shift, if applicable, loudly enough to be heard by all persons present and be recorded by the audio recording equipment; and

(f) A count team member must empty the contents onto the count table; and

(g) Immediately after the contents are emptied onto the count table, a count team member must display the inside of the drop box to the closed circuit television camera, and show it to the other count team member to confirm that all contents of the drop box have been removed. A count team member must then lock the drop box and place it in the drop box storage area; and

(h) Count team member(s) must combine all cash into one stack and separate the contents of each drop box into separate stacks on the count table by denomination of coin and chips, by type of form, record, or document; and

(i) Count team members must place all of the cash from a drop box into the currency counter which will perform an aggregate count by denomination of all of the currency collected from the drop box; and

(j) One count team member must count each denomination of coin, chips, (~~and~~) debit card transaction receipts, and tickets redeemed by TITO-enabled bill validators separately and independently by placing coins and chips of the same denomination on the count table in full view of the closed circuit television cameras, and the other

count team member must observe and confirm the accuracy of the count orally or in writing; and

(k) As the contents of each drop box are counted, a member of the count team must record the total amount of coin, chips, cash, ~~((and))~~ debit card transaction receipts, and tickets redeemed by TITO-enabled bill validators counted (the drop) on the master games report; and

(l) As the count is occurring, a surveillance employee must record in the surveillance log the currency counter accuracy information in (b) of this subsection, currency verification amount, debit card transaction receipt amount, ticket redemption amount, total bill and dollar count of each drop box and the announcement by the count team of the combined dollar count of all drop boxes; and

(m) If a cage cashier has recorded the opener, closer, fill slips, and credit slips on the master game report before the count, a count team member must compare the series numbers and totals recorded on the master game report to the fill slips, credit slips, and table inventory slips removed from the drop boxes, confirm the accuracy of the totals, and must record, by game and shift, the totals we require on the master game report. Otherwise, the count team must complete all required information on the master game report; and

(n) The accounting department may complete the win/loss portions of the master game report independently from the count team if this is properly documented in the approved internal controls.

AMENDATORY SECTION (Amending WSR 23-11-108, filed 5/19/23, effective 6/19/23)

WAC 230-15-620 Concluding the count. (1) After the count team finishes their count, the cage cashier or accounting department employee must verify the contents of the drop boxes.

(2) In the presence of the count team and before looking at the master game report, the verifier must recount the cash, coin, chips, ~~((and))~~ debit card transaction receipts, and tickets redeemed by TITO-enabled bill validators either manually or mechanically.

(3) The verifier must sign the master game report verifying that the cash and debit card transaction receipt counts are accurate.

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

(5) After the report is signed, the master game report must be taken directly to the accounting department, along with the debit card transaction receipts, requests for fills, the fill slips, the requests for credit, the credit slips, tickets redeemed by TITO-enabled bill validators, and the table inventory slips removed from drop boxes. The cage cashiers must not be allowed access to any of these records.

TICKET IN TICKET OUT (TITO) SYSTEM REQUIREMENTS IN HOUSE-BANKED CARD ROOMS

NEW SECTION

WAC 230-15-755 "Ticket in ticket out (TITO) system" defined. For the purposes of this chapter, "ticket in ticket out (TITO) system" refers to electromechanical devices equipped with a ticket in ticket out (TITO) enabled bill validator and a ticket validation system that allows for the reporting issuance, validation, and acceptance of tickets.

NEW SECTION

WAC 230-15-758 "Ticket" defined. For the purposes of this chapter, a "ticket" means an encoded paper ticket or voucher dispensed by an approved TITO-enabled bill validator.

NEW SECTION

WAC 230-15-761 "Invalid ticket" defined. For the purposes of this chapter, "invalid ticket" means an encoded paper ticket or voucher that is expired, damaged/unreadable, and/or voided.

NEW SECTION

WAC 230-15-764 "TITO-enabled bill validator" defined. For the purposes of this chapter, "TITO-enabled bill validator" means an electromechanical device that accepts United States currency (bills) and issues, validates, and accepts encoded paper tickets or vouchers.

NEW SECTION

WAC 230-15-767 "Ticket redemption kiosk" defined. For the purposes of this chapter, "ticket redemption kiosk" means an electromechanical device that accepts redeemable encoded tickets or vouchers issued from TITO-enabled bill validators for cash.

NEW SECTION

WAC 230-15-770 Ticket requirements. Tickets printed by TITO-enabled bill validators must have the following minimum standards:

- (1) Card room name; and
 - (2) Date and time the ticket was generated; and
 - (3) Dollar value of ticket, printed both numerically and in text;
- and
- (4) A unique identifier such as a magnetic strip or bar code; and
 - (5) A primary and secondary validation number; and
 - (6) A statement that the ticket will expire in 30 days; and
 - (7) Be the same size and dimension as United States currency (bills).

NEW SECTION

WAC 230-15-773 Requirements for ticket validation system. Ticket validation systems must:

- (1) Not use, permit the use of, validate, or redeem tickets issued by another licensee; and
- (2) Be able to identify invalid tickets and issued tickets, and notify the cashier, dealer, or kiosk, which is applicable, if:
 - (a) The validation number cannot be found; or
 - (b) The ticket has already been redeemed; or
 - (c) The amount on file for the ticket does not match; and
- (3) Uniquely identify TITO-enabled bill validators and ticket redemption kiosks connected to it; and
- (4) Be able to generate the following reports to be reconciled with all validated/redeemed tickets:
 - (a) Ticket issuance report; and
 - (b) Ticket redemption report; and
 - (c) Ticket liability report; and
 - (d) Ticket drop variance report; and
 - (e) Transaction detail report that shows all tickets generated and redeemed by a TITO-enabled bill validator and ticket redemption kiosk; and
 - (f) Cashier report, which is to detail individual tickets and the sum of tickets paid by a cage cashier or ticket redemption kiosk; and
- (5) Employ encryption standards suitable for the transmission and storage of all confidential or sensitive information between all components of the system; and
- (6) Not allow for any wireless connections or communication; and
- (7) Have all servers and components that store sensitive information in a locked secure enclosure with both camera coverage and key controls in place; and
- (8) Have a machine entry authorization log (MEAL) for all entries into a locked area that indicates the date, time, purpose of entering the locked area(s), and the name and employee number of the employee doing so; and
- (9) Maintain an internal clock that reflects the current time and date that shall be used to provide the following:
 - (a) Time stamping of significant events; and
 - (b) Reference clock for reporting; and

- (c) Time stamping of configuration changes; and
- (10) Have a recent backup that is securely stored, separate from the system, in case of catastrophic failure and the ticket validation system cannot be restarted. Backups must be retained for a period of at least two years. Backups must contain:
 - (a) Significant events; and
 - (b) Accounting information; and
 - (c) Auditing information; and
 - (d) All information utilized in the ticket redemption and issuance process; and
- (11) Be connected to a device that provides surge protection and a temporary power source, such as a uninterruptible power supply (UPS), to provide a means for an orderly shutdown in the event of a main power system failure; and
- (12) Have no built-in facility where a casino user/operator can bypass system auditing to modify any database(s) directly; and
- (13) Log any changes made by a user to accounting or significant event log information that was received from a device on the system. The log must include:
 - (a) Date data was altered; and
 - (b) Value prior to alteration; and
 - (c) Value after alteration; and
 - (d) Identification of personnel that made the alteration; and
- (14) Record significant events generated by any TITO devices on the system. Each event must be stored in a database(s) and include the following information:
 - (a) Date and time the event occurred; and
 - (b) Identify the device that generated the event; and
 - (c) A unique number/code that identifies the event; and
 - (d) A brief text that describes the event in the local language; and
- (15) Have a means by which any user accessing the system software, either by password, keycard, or PIN have a username or user number unique to that individual and log the date and time of access.

NEW SECTION

WAC 230-15-776 Requirements for TITO-enabled bill validators.

TITO-enabled bill validators must:

- (1) Only be used in conjunction with approved ticketing (TITO) systems; and
- (2) Be secure from unauthorized access, tampering, and bill/ticket removal; and
- (3) Only be installed at house-banked card game tables or in the cashier's cage; and
- (4) Only accept United States bills (no foreign currency) and be able to differentiate between genuine and counterfeit bills to a high degree of accuracy; and
- (5) Only accept tickets from the licensed card room they are installed at; and
- (6) Be able to identify invalid tickets; and
- (7) Not accept promotional tickets, coupons, or vouchers such as free play or match play; and

- (8) Not allow redemption of tickets for cash at house-banked card game tables; and
- (9) Be equipped with a drop box/cassette to collect the bills and/or tickets inserted into the bill validator; and
- (10) Be equipped with a ticket printer designed to detect paper jams, paper out, and print failure; and
- (11) Not be capable of offering an element of chance and/or skill in the determination of prizes; and
- (12) Not contain some form of activation to initiate a wager; and
- (13) Not be capable of delivering or determining an outcome from a gambling activity.

NEW SECTION

WAC 230-15-779 Requirements for drop boxes/cassettes in TITO-enabled bill validators. Ticket-enabled bill validators must be equipped with a drop box/cassette to collect, store, and secure currency and tickets.

- (1) Drop boxes/cassettes must:
 - (a) Be housed in a locked compartment; and
 - (b) (i) Have a separate lock to open the drop box/cassette; and
 - (ii) The locks to secure the compartment housing and drop box/cassette must be different from each other; and
 - (c) Have labels on the lockable drop boxes/cassettes with a permanent number clearly visible which corresponds to a permanent number on the gambling table to which the electronic bill acceptor is affixed; and
- (2) The transportation and storing of drop boxes/cassettes in TITO-enabled bill validators must adhere to WAC 230-15-590 and 230-15-600.

NEW SECTION

WAC 230-15-782 Requirements for ticket redemption kiosks. Ticket redemption kiosks must:

- (1) Only be used in conjunction with approved ticketing (TITO) systems; and
- (2) Be secure from unauthorized access, tampering, and bill/ticket removal; and
- (3) Contain a lockable ticket and currency storage box which retains tickets and currency accepted by the kiosk. The kiosk must have:
 - (a) One lock securing the compartment housing the currency drop boxes/cassettes; and
 - (b) (i) One lock securing the contents of the storage box; and
 - (ii) The locks to secure the compartment housing and storage box must be different from each other.
- (4) Only accept tickets from the licensed card room they are installed at; and
- (5) Be capable of validating ticket values and dispensing an equivalent amount of cash; and
- (6) Only validate and pay out tickets up to \$1,000; and

- (7) Be able to identify invalid tickets; and
- (8) Not be allowed to accept cash to exchange for a ticket; and
- (9) Not be allowed to accept debit, credit, or EBT cards; and
- (10) Have a mechanism to generate a transaction history report with at least the following information:
 - (a) Date, time, ticket validations numbers, and amount of all ticket redemptions; and
 - (b) Total amount of ticket vouchers accepted; and
 - (c) Total count of ticket vouchers; and
- (11) Have a machine entry authorization log (MEAL) for all entries into locked areas of the kiosk that indicates the date, time, purpose of entering the locked area(s), and the name and employee number of the employee doing so; and
- (12) Not be capable of offering an element of chance and/or skill in the determination of prizes; and
- (13) Not contain some form of activation to initiate a wager; and
- (14) Not be capable of delivering or determining an outcome from a gambling activity.

Cashless Gaming Could Increase Problem Gambling, Advocates Say

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- Advocates worry cashless gaming will lead to rise in addiction
- Gamblers urged to set limits when using cashless payments
- UNLV, Sightline, Global Payments to study cashless wagering data

The adoption of cashless gaming by land-based casinos presents both new risks and opportunities when it comes to mitigating disordered gambling, according to problem gambling advocates.

Advances in payment technologies have caused massive disruption in the way consumers pay for everything from a cup of coffee to a new automobile, with casinos now belatedly opening the door to cashless wagering systems for slot machines.

Currently, regulators in Nevada, Pennsylvania and a half-dozen other U.S. states have signed off on the use of debit cards to buy chips at table games, or mobile wallets for use at slot machines.

But advocates worry about the impact that wider acceptance of cashless products will have on **problem gambling rates** as new payment options may turn at-risk gamblers into

problem gamblers.

“If you are utilizing cash to fund your gambling and you run out, there is that natural break in play, which research shows us is an important thing, with the very act of getting up and having to visit the ATM to get additional dollars,” said Brianne Doura-Schawohl, vice president of U.S. policy and strategic development at EPIC Risk Management.

Schawohl said the break in play provides necessary reflection time to assess the amount of time and the amount of money an individual has already spent.

“We know from research that gambling with credit and cashless activates a part of the brain to spend more,” Schawohl said. “Also utilizing money that you don’t have to gamble is never a good thing. Gambling should be accessed only through discretionary income that can be lost.”

Keith Whyte, executive director of the [National Council on Problem Gambling](#) (NCPG), agreed that “cashless presents significant additional risk for people with gambling problems or people who are vulnerable to gambling problems.”

Whyte said most cashless systems have responsible gambling features built in, but the “big thing everyone is missing is that it requires active promotion for players to know the features are available and to use them.

“We strongly believe that players should have to set limits, or at least opt-out [from setting them], rather than having to hunt through the entire system to opt-in,” he said.

“If the seat belts for a new car are stored in the trunk, many people will never get around to installing and using them, which greatly increases their risk of harm.”

The NCPG has urged the gaming industry and regulators to encourage people who gamble to set their own limits of time and money; use personalized responsible gambling messages; and allow players to self-exclude from gambling platforms and venues.

Other suggestions include allowing players to synchronize their exclusions with venue and state exclusion lists, research signs of problematic play, and develop models to help predict and prevent excessive usage.

If Schawohl was designing a cashless payments system, she said she would require the utilization of limit-setting programs to establish limits on the number of deposits a player

could make per day, week and month and place a cap on the number of cards that can be attached to an account.

She would also include real-time updates letting a customer know how much money they have, how many deposits they have made, and how much they have won or lost over the course of their play.

Still, Schawohl said cashless wagering in casinos is not all “doom and gloom,” and the same technology that might be increasing risk can also provide ways of delivering effective responsible gambling messages, easier access to self-exclusions, timeouts and other stronger safeguards.

Approximately 1 percent of the adult population in the U.S. has a severe gambling problem, according to the International Center for Responsible Gaming (ICRG).

So will that rate increase as more customers use digital wallets on their mobile phones to wagering at slot machines or table games?

“There’s very little research on this topic so it’s difficult to speculate as to whether it affects gambling disorder rates,” said Christine Reilly, an ICRG spokeswoman. “More research is needed.”

Alan Feldman, distinguished fellow in responsible gaming for the University of Nevada, Las Vegas’ (UNLV) International Gaming Institute, agreed.

Feldman said he expects the IGI Payments Collaborative, a partnership formed last year between UNLV’s International Gaming Institute, Sightline Payments and Global Payments Gaming Solutions, to provide needed data on disorder rates.

“Both companies will be turning over a tremendous amount of data,” Feldman said. “It will take time, but we are going to go through it and learn there are some policies that need to be changed and some policies that are working.”

Taking its inspiration from the ICRG, the collaborative’s objective is to provide a neutral, scientific, data-driven foundation for policymakers and regulators to make policy decisions in the future.

Feldman said the discussion over cashless gaming is very different in 2021 than it was 20 years ago with the advent of ticket-in, ticket-out systems for gaming machines due to

where we are as a society. For younger people, he said, it is now completely “normal and natural” to pay with a debit card or mobile phone.

“It is how they manage their finances,” Feldman said. “I haven’t written a check in 15 years. I appreciate it when merchants allow me to tap to pay. I realize I’m changing.”

“I appreciate casinos are thinking the same way,” he said.

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What is the impact of cashless gaming on gambling behaviour and harm?

Sarah Hare

Schottler Consulting

July 2020

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Executive summary

This report presents a rapid review of research literature to examine the effects of cashless gaming from a gambling harm-minimisation perspective. Cashless gaming involves the use of non-cash gaming tokens for land-based gambling. The review was prepared during late June 2020 for the Victorian Responsible Gambling Foundation (the Foundation).

The Foundation sought to better understand the effects of cashless gaming on gambling behaviour and harm, given the potential for cashless gaming to become more widely used across Victoria due to COVID-19.

As a Foundation role is to address the determinants of problem gambling, it was considered important to understand the potential for widespread cashless gaming to harm the Victorian community.

Key objectives

Within this context, specific objectives of the rapid review were to:

1. **Examine the national and international context of cashless payments**
2. **Explore the possible effects of cashless gaming as identified in research literature**
3. **Identify recent jurisdictional developments in cashless gaming due to COVID-19**

Cashless gaming in Victoria

On 30 January 2019, the Gambling Amendment (Cashless Gaming) Regulations 2019 introduced new regulations allowing non-cash gaming tokens to be made available at Victorian pub and club EGM venues. Technical standards were also published by the Victorian Commission for Gambling and Liquor Regulation (VCGLR) for the operation of cashless gaming on EGMs.

Technical standards permit both ticket in ticket out (TITO) and card based cashless (CBC) gaming to be provided in Victorian EGM venues. While Crown casino also provides cashless gaming, separate legislation exists for casino operations.

Within this context, the Foundation wanted to gain a comprehensive understanding of research that may provide insight into the possible effects of cashless gaming, should it be more widely adopted across Victorian pubs and clubs due to COVID-19.

Types of gambling of relevance to this review

Gambling products in scope of the current review were EGMs and gambling products in land-based venues and retail outlets (e.g., sports or race betting at the pub, keno at the club, retail lottery purchases, etc.).

While some useful research relating to online gambling is drawn upon in this review, the use of cashless payment technologies for online gambling specifically was considered outside the scope of products of interest to the review. Interactive gambling more generally, however, is acknowledged as a special topic that may also benefit from future research on payment technologies.

Findings from consumer behaviour and cognitive psychology literature

Major findings of the review are presented as follows:

1. Consumer behaviour literature indicates that cashless payment methods are generally associated with increased expenditure. Evidence appears to support that this applies to credit cards, debit cards, and potentially also mobile payments (using eWallets).
2. Literature relating to the 'pain of payment' – including recent neurological evidences – suggests that cashless payment methods are largely associated with less 'pain of payment' when compared to cash. This suggests that cashless payment methods have an 'easy money' effect and that cash is better for expenditure regulation.
3. Low salience payments have been found to be difficult to track and undermine budgeting, when compared to high salience payments. Electronic transactional information (e.g., bank statements) has also been found to be more complex to interpret, when compared to printed statements.
4. Certain segments in the community may have difficulties with working memory or mental accounting, which is required in budgeting and expenditure management.

These may include older people, people with comorbidities – such as anxiety and depression – and people with low financial literacy and low education. Such groups may potentially experience issues with transactional expenditure information in cashless gaming.

Findings relating to cashless gaming from gambling research literature

1. Little gambling research has examined the unique effects of cashless gaming as a payment method, when compared to cash (as distinct from other features of cashless gaming such as pre-commitment).
2. Many of the benefits of cashless gaming have been conflated with the benefits of other gambling harm-minimisation tools (e.g., player tracking, pre-commitment effects have been confused with the effects of cashless gaming).
3. While the discrete effects of cashless gaming relative to cash have not been examined, some consumer benefits of cashless gaming have been claimed including:
 - a. The ability to store money on a card
 - b. Not having to have to wait for venue staff for hand-pay outs
 - c. Making it easier to move from EGM to EGM
 - d. Being able to transfer small amounts of money to and from the EGM credit meter
 - e. Being able to continue play uninterrupted (e.g., gamblers do not need to access EFTPOS for cash or interact with a staff member).
4. While some gamblers indicate that cashless gaming may help with management of gambling expenditure, others report that it makes expenditure management more difficult. This may highlight individual differences within gamblers (although the reasons for differences remain unclear).
5. Access to any cash amounts may facilitate gambling and especially in higher risk gamblers. This may be relevant to the amounts stored on cashless gaming cards.
6. Tokenisation of money tends to lead gamblers to spend more, when compared to cash (and presumably with less conscious reflection).

7. Online gambling has been found to be harmful to gamblers in part due to the cashless payment method and in part due to the tokenisation of money (i.e., credit/debit cards are used to gamble online and such cards are a token for money).
8. Eight structural characteristics of cashless gaming have potential to influence the level of gambling harm experienced by gamblers.

Other findings with implications for cashless gaming

1. While many jurisdictions are increasingly moving towards cashless gaming, research also highlights that some vulnerable members of society may be at risk. In Australia, these may include both older people and people in the lower two income quartiles.
2. While research cannot identify how best to reduce the risks of cashless gaming, literature research points to some potential value of making the 'pain of payment' of cashless gaming equivalent to, or as close as possible, to cash.

Conclusion

In conclusion, the current rapid review has identified substantial and concerning evidence that cashless gaming using monetary substitutes such as gaming cards will likely facilitate less controlled gambling behaviour and potentially lead to gambling harm in some consumers. It has also identified the potential for some vulnerable segments of society to be negatively impacted by cashless gaming.

This is largely attributed to research evidence that suggests that the 'pain of payment' in cashless payment methods is lower than when using cash.

Together, findings point to the need for further research to not only establish who is affected by cashless gaming (or whether all gamblers are affected), but to also identify how gambling may be affected by all payment methods including credit cards, debit cards and mobile payments using eWallets.

The second priority is to identify how such payments can be made closer to, or equivalent to, cash. The third priority is then to identify whether and how other harm-minimisation tools can be used to mitigate the effects of cashless gaming and associated cashless payment methods used in gambling.



Cashless gambling and the pain of paying: effects of monetary format on slot machine gambling

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Cashless gambling and the pain of paying: effects of monetary format on slot machine gambling

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ABSTRACT

Advances in cashless technologies create a dilemma for gambling regulators. Research indicates that cash purchases entail a ‘pain of paying’ that is attenuated with more abstract forms of payment, yet limited research has directly tested the impact of mode of payment on gambling behavior. Across two experiments, community-recruited gamblers were randomized to use an authentic slot machine in the laboratory, under different conditions of monetary endowment. In Experiment 1 ($n = 61$), participants were endowed with funds to play the slot machine, in either a cash or voucher format. In Experiment 2 ($n = 48$), participants acquired the cash endowment as a windfall or from an earning task. In session-level analyses, bet size and bet volume did not vary as a function of monetary condition. In more sensitive trial-level analyses, no interactions involving the monetary manipulations were consistent across the two experiments. Data from both experiments indicated faster spin initiation latencies as a function of losing streak length, and slower spin initiation latencies and larger bet size as a function of the prior win magnitude. These trial-level analyses show systematic influences on gambling behavior in the laboratory environment, supporting the basic sensitivity of our design. Overall, our data provide weak evidence for the hypothesis that monetary factors influence gambling tendencies. Acknowledging the possibility of the null hypothesis, these data also highlight the methodological challenges with manipulating monetary value in gambling research, including the use of endowed funds, and controlling for sources of variability when using authentic slot machines.

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Introduction

Money is a central feature of gambling (Binde 2013). Modern commercial gambling is an activity that necessarily costs money, with a chance of winning a larger prize than the amount bet. Regulatory issues surrounding money and gambling are becoming more important as payment technologies evolve (Gainsbury and Blaszczynski 2020). In the North American casino landscape, bill acceptors and Ticket-In Ticket-Out (TITO) interfaces began to replace coin operation on electronic gaming machines (EGMs) in the early 2000s. A contemporary slot machine will accept either a banknote or TITO voucher, but wins or remaining funds on that machine can only be cashed out as a voucher, which the gambler must take to a cashier desk to convert back into actual cash. Recent technological advances could readily enable card-based payments (either debit cards, credit cards or venue loyalty-card programs) or contactless payments (e.g. via mobile phone) (Parke et al. 2008) in gambling venues, subject to regulatory approval. While most jurisdictions are yet to embrace these developments, regulators may

anticipate industry pressure, given the added convenience as our societies become ‘cashless’. These developments may be amplified in the wake of the COVID-19 pandemic, which restricted the use of physical cash in many countries (e.g. Wilson 2020), and precipitated the temporary closure of land-based gambling venues, supporting a migration to online gambling (Håkansson 2020; Price 2020). Relatively little is known about how gambling payment format affects gambling behavior, and whether these developments could exacerbate gambling-related harm (Swanton and Gainsbury 2020).

Economic theory stresses that money is fungible: one \$20 bill is worth the same as any other \$20 bill. At the same time, not all \$20 transactions are equal. For example, consumer behavior changes as a function of which ‘mental account’ a payment comes from (Thaler 1985) (see Muehlbacher and Kirchler 2019 for review). Each purchase is associated with a psychological cost termed the ‘pain of paying’ (Prelec and Loewenstein 1998; Prelec and Simester 2001), which is reconciled against the value of the good that

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 Supplemental data for this article can be accessed [here](#).

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is obtained. Several factors are thought to modulate the psychological pain experienced. Here we consider two specific factors; the method of payment, and how the money was obtained. Payments made with physical cash (i.e. bills or coins) are hypothesized to be more 'painful' than cashless payments, and research has found that people spend more when using more abstract forms of payment, such as credit cards (Soman 2003; Thomas et al. 2011; Meyll and Walter 2019), vouchers (Raghubir and Srivastava 2008), or mobile payment technology (Meyll and Walter 2019). By some accounts, cash payments may differentially recruit actual pain-related circuitry in the brain e.g. the insula (c.f. Banker et al. 2021). Various boundary conditions appear to exist for pain-of-paying effects (See-To and Ngai 2019) and it is conceivable that these effects may be changing over time as the use of real-world cash declines, and cashless payments become the norm.

These influences have received limited attention in the specific context of gambling behavior and harmful gambling. A number of studies have tested a coarse comparison of gambling for money, versus non-incentivized predictions or gambling for points (e.g. Meyer et al. 2000; Ladouceur et al. 2003; Weatherly and Brandt 2004; Wulfert et al. 2005). These studies consistently indicate increased arousal and altered gambling behavior when money is at stake, but these designs do not speak to the contemporary discussions around cashless technologies, in which the money is real but takes a less tangible form. Other studies have examined how the balance information is displayed in electronic gaming machines (EGMs), in either a cash (e.g. \$9.90) or credit (990) format. In an observational study in regular gamblers, 86% reported using the cash display setting and 58% of these endorsed the view that this feature helped to control their gambling (Ladouceur and Sévigny 2009). In a laboratory study manipulating the availability of a cash counter, pathological gamblers gave lower ratings for 'difficulty of stopping play' in the cash counter-on compared to the -off condition (Loba et al. 2001). Other work has considered the removal of high denomination bill acceptors from EGMs (Blaszczynski et al. 2005; Sharpe et al. 2005). Under this configuration, a gambler could enter 5 × \$20 bills but would not be permitted to insert a single \$100 bill. People with gambling problems were more likely than the recreational gamblers to use high denomination bills for gambling, but restricting this feature had no discernible impact on gambling behavior. The clear differences between these manipulations highlight the limited nature of the current evidence base for monetary influences on gambling (Palmer et al. 2021). In these examples, the use of cash displays and restrictions on high denomination bills may be considered subtle manipulations that might 'nudge' gamblers toward healthy behavior, but these experiments do not directly address the possible impacts of cashless modes of payment on gambling behavior.

A further factor that modulates the pain of paying is the source of the money. According to the 'house money effect' (Thaler and Johnson 1990), participants are more willing to spend money that has been won than earned money. In

'real-effort' procedures in behavioral economics, participants engage in an initial task in which funds are earned through an effortful, monotonous procedure, to create a sense of ownership (Eral et al. 2011). Earned funds were associated with less spending compared to windfalls (Reinstein and Riener 2012; Corngnet et al. 2015), and higher levels of earned income were associated with lower donations on a subsequent charitable giving task (Eral et al. 2011). Earning manipulations have not been directly examined in a gambling context. In a field study of 'windfalls', casino patrons who received a free-credit voucher upon entry actually gambled less, in contrast to the house money effect (Rüdisser et al. 2017). As laboratory experiments on gambling typically rely on endowed funds (akin to a windfall), some studies have sought to encourage participants to treat the endowment as their own money. When playing a slot machine simulator, participants who initially saw and held their cash endowment gambled less and left with more money than those who were not given this opportunity (Weatherly et al. 2006). Another study found no difference in behavior between participants who were shown a picture of the money, versus no picture (Brandt and Martin 2015).

In the present study, we manipulated monetary format in two experiments using authentic multi-line slot machines housed in a laboratory environment. Across both experiments, we hypothesize that endowment conditions that increase the pain of paying would decrease risky gambling behavior, and vice versa (see Figure 1). In Experiment 1, we compared a standard cash endowment with a voucher condition, based on a realistic TITO voucher. We predicted that the voucher would be associated with reduced pain of paying and thus increased gambling intensity. In Experiment 2, we compared a 'windfall' endowment with an earned condition based on a real-effort procedure, predicting that the earned condition would experience increased pain of paying and thus decreased gambling intensity. In each experiment, the primary analyses of gambling intensity relied on the total number of bets and the average bet size, aggregated over the session. Notably, our cash condition in Experiment 1 and the windfall condition in Experiment 2, although named differently, had highly comparable endowment procedures (see Figure 1).

A further 'trial-level' analysis was undertaken to examine the amount bet, and the pace of play, as a function of a number of in-game factors that could not be controlled in the context of an authentic slot machine game (Figure 2). Inspired by behavioral research on the 'micro analysis' of alcohol consumption and smoking (Gust et al. 1983; Davidson et al. 1999; Lee et al. 2003), this was expected to be a more sensitive analysis, taking into account the number of successive losses, the size of any previous win, and the current in-game balance. For example, the post-reinforcement pause (PRP) refers to a slowing in the time taken to initiate the spin, following a winning outcome compared to a loss (Delabbro and Winefield 1999; Dixon et al. 2013; Chu et al. 2018). (Note this effect has both an appetitive/hedonic component and an aversive/frustrative component, Eben et al. 2020). Both the PRP effect and the average bet size

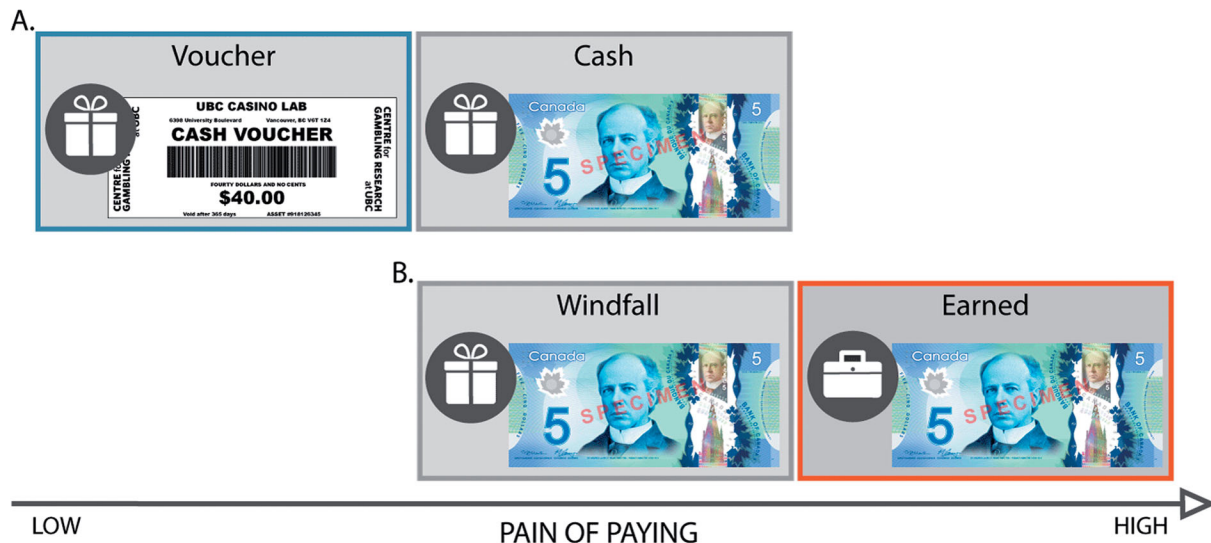


Figure 1. The pain of paying hypothesis. As the pain of paying increases, risky behavior should decrease. (A) Hypothesis 1 predicts increased gambling when participants receive the money to gamble as a voucher, compared to cash. (B) Hypothesis 2 predicts decreased gambling when participants earn money to gamble, compared to a cash windfall. Image source for \$5 bills: Bank of Canada.



Figure 2. Trial structure for the trial-level analysis. Spin initiation latency and next bet size (in red) were analyzed as a function of the current state of the machine at *, after the outcome.

also scale with the *size* of a prior win (Tremblay et al. 2011; Dixon et al. 2013). The number of successive losses can also modulate the bet size (Studer et al. 2015; Tobias-Webb et al. 2016); and putatively, the machine's current balance may serve as a reference point to elicit either loss chasing (when losing) or a house money effect (when in profit) (c.f. Chapman et al. 2019). Our trial level analyses tested for these systematic influences, in order to examine the sensitivity of our basic approach (i.e. studying authentic slot machines in a laboratory environment) and the consistency of any effects across the two experiments.

Methods

This study was approved by the Behavioral Research Ethics Board at the University of British Columbia (H16-01168). Participants provided written informed consent prior to participation.

Participants

For both experiments, participants were recruited through advertisements online (Craigslist, Kijiji, and departmental websites) and in local newspapers. Participants were eligible for inclusion if they had gambled on slot machines (land-based or online) in the past three months, were 19 years or older, and had normal or corrected-to-normal vision. Prior to participation, individuals were screened for eligibility by telephone. Individuals were excluded if they scored greater than seven on the Problem Gambling Severity Index (PGSI)

(Ferris and Wynne 2001), or had ever sought treatment for gambling problems or enrolled in voluntary self-exclusion. Further exclusion criteria were a history of neurological illness, head injury, or psychiatric hospitalization.

Experiment 1: Cash vs voucher

Data were collected from 69 participants and complete data is reported from $n = 61$ (cash = 30, voucher $n = 31$). Eight participants could not be included due to early problems with our video capture procedures from the slot machine session.

Experiment 2: Windfall vs earned

Data were collected from 53 participants and complete data is reported from $n = 48$ (windfall $n = 28$, earned $n = 20$). Data from one participant was excluded as they did not meet the inclusion criteria, one participant had incomplete video data, and three participants in the Earned condition did not engage with the earnings task.

Procedures

Experiment 1: Cash vs voucher

Participants attended a single test session lasting approximately two hours. Upon arrival, participants were randomly assigned to the 'voucher' or 'credit' group. In a standard testing room, participants completed the consent procedure and PGSI administration, followed by some further questionnaire measures and a computerized decision-making

task (to be reported elsewhere) on which they could win a small amount of money. Participants were given written instructions for the slot machine session and were informed that the EGM video feed would be recorded. The slot machine used was Great Wall II (Williams Interactive, WMS), which was provided to our laboratory by the British Columbia Lottery Corporation (see [Supplementary S1](#)). Participants were instructed that they would have up to 30 minutes to play the slot machine. This included a fixed period, followed by a further period when they were free to stop at any time. The end of the fixed period was indicated by flashing the ambient lighting. If the participant chose to stop playing before the 30 minutes ended, or ran out of machine credits, they were asked to remain in the lab, and were given neutral reading materials to pass the time. Any credits remaining at session end would be payable as a cash bonus (bonus = final balance divided by two, up to a maximum of \$50). For a study in community gamblers, we considered it important to use an incentive structure that was directly related to their gambling outcomes, while balancing the ethical consideration that with an authentic slot machine, some participants could win large jackpots.

Following the instructions, participants in the cash group were given \$40 (CAD) in \$5 bills, and were asked to count this money. Participants in the voucher group were given a \$40 paper slip modeled on the TITO vouchers used in local casinos. All participants were asked to write down the value of the funds received, on a participant payment sheet that also displayed the formula for the cash bonus. Participants were then taken to an adjacent room housing four slot machines, with comfortable casino stools and dim lighting.

Participants in the cash group were asked to load the \$40 into the machine. The voucher group saw and held the voucher, but the slot machine was pre-loaded with the \$40 credit before the participant entered the lab. Nevertheless, the participant was instructed to post the voucher into a black box attached to the machine next to the bill acceptor. As part of the manipulation, the slot machine display was set to the cash format in the cash group, and the credit format in the voucher group. As experienced slot machine gamblers, the participants were instructed that they could vary their betting style during the session across both the number of lines and the credits per line. Upon initiating the first bet, the experimenter started a timer and exited the room, in order to ensure a naturalistic environment and reduce observer effects (e.g. Rockloff and Dyer 2007). After ten minutes, the lights in the room were flashed on and off several times by the experimenter outside the room. After 30 minutes, the experimenter reentered the room and noted the machine balance. The participant returned to the original testing room, recorded their final balance and corresponding bonus payment on the payment form, and then completed some further questionnaires. Debriefing included both verbal and pamphlet information about myths associated with slot machines and local resources for problem gambling.

Experiment 2: Windfall vs earned

Upon arrival participants were randomly assigned to the windfall or earned group. The first stage of the procedure was identical to Experiment 1, with the key difference that participants in the earned group completed an initial task to earn the funds for their subsequent slot machine session. The Navon task (Navon 1977) was chosen as a cognitively demanding but monotonous task in which the participant views compound letters (e.g. the letter H constructed from small Ss), and must identify the local letter (S or H) on each trial. Participants were instructed that they would earn 20 cents for each correct answer and they needed to earn \$40 for the slot machine session. When the participant had earned \$40, they were given the cash in \$5 bills, asked to count it and fill in the payment record, and placed the cash in their wallet, purse or pocket. In the windfall condition, participants were given a magazine to read instead of completing the Navon task, and after 20 minutes they were given the \$40 in \$5 bills. For the slot machine session, there were two adjustments from Experiment 1: i) we used a different slot machine, Buffalo Spirit (Williams Interactive, WMS) (see [Supplementary S1](#)), ii) the fixed period of required play was reduced from 10 to 5 minutes (see [Supplementary S2](#)).

Data extraction. Behavioral data capture from authentic slot machines is not straightforward. In these experiments, the gambling session was recorded by splitting the video output from the slot machine's internal computer, and events were extracted from this feed using custom python scripts (see [Supplementary S2](#)).

Analysis

All analyses were carried out in R (R core team, Vienna) and R scripts are available online (https://github.com/CGR-UBC/cashless_gambling_2021). We used identical analysis pipelines for both experiments. The analysis for Experiment 2 was pre-registered (<https://aspredicted.org/pb4m9.pdf>) based on preliminary analyses from Experiment 1. Ultimately, we made some deviations to our pre-registered plan for Experiment 2 (see [Supplementary S4](#)), due to unanticipated characteristics of the data that were revealed in further analysis of the Experiment 1 dataset.

For each experiment, group characteristics (age, PGSI, self-reported monthly slots expenditure) were compared between groups using Wilcoxon rank sum tests, due to these data not meeting the assumption of normality. Gender was compared between groups using Chi-square tests.

Our analyses comprise a 'session-level' comparison of the experimental conditions, i.e. the per participant summary variables from the slot machine session, and a further 'trial-level' analysis using multiple regression models on the entire trial-by-trial dataset (i.e. a single datasheet comprising all spins, from all participants). For the session-level analysis, we identified summary variables with the aim of distinguishing risk-taking and persistence as different expressions of gambling intensity (see [Supplemental S2](#) for further explanation): 1) mean bet size, 2) total bet amount across the

whole session, 3) machine balance at the end of the session, 4) total bet amount in the initial five minutes. Each of these scores were compared between conditions with Wilcoxon rank sum tests, due to deviations from normality in these data. Four participants were excluded from the session-level analyses: one participant in each experiment chose to stop playing before the end of the fixed period, and two participants in Experiment 2 accidentally cashed out (a button that renders the machine unplayable while an attendant is called). Available data for these participants were included in the trial-level analysis.

In the trial-level analysis, participant number was entered as a fixed effect. Fixed effects regression allows each participant to act as their own control, and this is well-suited for handling missing and unbalanced data (Allison 2005; Studer et al. 2015; Murch et al. 2017; Chu et al. 2018) (see also [Supplementary S3](#)). Separate models were run on trials following a win (i.e. any non-zero outcome), and trials following a loss, in order to include win size, and losing streak length, as linear predictors that were specific to these respective conditions. Due to the distribution of outcomes on a slot machine, the loss models inherently contained more trials than the win models. As well as distinguishing these two sets of models, two dependent variables were considered. The spin initiation latencies were analyzed with linear regression. A spin initiation latency was defined as the time from the end of a trial (when the button panel is released to allow the next bet) to the participant starting the next trial by pressing the 'spin' button. Trials with latencies over 10 seconds were removed (see [Supplementary Table S1](#) for the number of trials removed in each model, and [Supplementary S4](#) for the outlier approach), and the latency data were log transformed. Bet size was analyzed using logistic regression, as a binary variable indicating whether any given bet was below (or at) the participant's median (= 0), or above the participant's median (= 1), as a function of the prior outcomes. In summary, four models were specified for each experiment: a Win model, including the size of the prior win as a predictor, on the spin initiation latencies and the bet sizes; and a Loss model, including the losing streak length, on the spin initiation latencies and the bet sizes.

For the Loss models, the following regressors of interest were entered: loss streak length (number of trials since a win, log transformed), the current Machine Balance (in dollars), and the interaction of these regressors with group (Experiment 1: cash (0) vs voucher (1); Experiment 2: windfall (0) vs earned (1)). Coding the reference categories in this way facilitates the comparison of the cash and windfall conditions, which have similar endowment procedures. For the Win models, the win size (in cents, log transformed) and the interaction between log win size and group were the predictors of interest. Machine Balance was tested in the Loss models due to the greater number of available trials, and was entered as a regressor of no interest in the Win models. For all models, trial number (square root transformed) was entered as a regressor of no interest. For the spin initiation latency models, a binary variable indicating whether the bet amount was changed was entered as a

regressor of no interest, as any change in the betting configuration is likely to delay the initiation latency. For any models where significant ($p < .05$) interactions with group were observed, the model was re-run with the groups reversed, to test for the effect in the alternative reference category.

Regression models were tested using robust regression, to reduce the impact of outliers and deviations from normality. All models were visually assessed to check residuals were normally distributed, and the weights applied during the robust regression were inspected to ensure that there was no systematic bias in the de-weighting of data points that may reduce the interpretability of the models. To produce a visual representation of the raw data, data from all participants were combined. Linear predictors were binned, and a boxplot was produced using these bins as categories. For the model predictions, predictions were made for every participant, and the mean of these predictions was plotted. All variables in the model (other than the variable plotted and group) were fixed at the median, with the exception of the binary bet change variable which was set at zero (no change). Therefore, the predicted plots show the effect of the variable of interest, controlling for the other variables in the model. In contrast, the raw data boxplots do not separate the effects of different variables, or account for the unbalanced nature of the data between participants.

Results

Across both experiments, the groups did not differ significantly in age, gender, PGSI score, and self-reported past-month slot machine expenditure ([Table 1](#)). For the session-level analysis, we did not observe any group differences between the four summary variables in either experiment. Thus, neither monetary manipulation had an overall effect on gambling intensity at the session level ([Table 1](#)).

For the trial-level analysis, we observed several effects on betting behavior and spin initiation latency, as a function of the current state of the machine. The regression models are reported in full in [Supplemental Tables S3-S10](#).

Models with spin initiation latency as the dependent variable

Loss streak length

In Experiment 1, we observed a significant negative effect of loss streak length in the cash group. As loss streak length increased, the spin initiation latencies became faster ([Table 2](#), [Figure 3\(A\)](#)). This effect was significantly modulated by group, and was not significant in the voucher group. In Experiment 2, we observed a significant effect in the windfall group, again finding that as loss streak length increased, the spin initiation latencies became faster ([Table 2](#), [Figure 3\(B\)](#)). This effect was not significantly different in the earned group.

Table 1. Demographic and session-level variables.

Expt 1a:	Cash	Voucher	
<i>Demographic variables</i>			
N	30	31	
Age	48 (21–79)	44 (20–71)	W = 384.5, r = 0.07, p = .58
Gender	12 male, 18 female	18 male, 13 female	$\chi^2(1) = 1.33, p = .25$
PGSI	1 (0–6)	1 (0–4)	W = 424.5, r = 0.09, p = .55
Slot spend per month (\$)	45 (0.5–500)	30 (1.6–400)	W = 490.5, r = 0.05, p = .72
<i>Session-level variables</i>			
Mean bet size (cents)	30.53 (1.41–102.23)	30.46 (1.83–102.23)	W = 502, r = .10, p = .45
Total bet (session) (\$)	52.75 (1.00–270.60)	54.37 (0.73–151.50)	W = 436, r = .026, p = .84
Final balance (\$)	26.24 (0–156.78)	14.50 (0–51.38)	W = 569.5, r = .23, p = .077
Total bet by 5 minutes (\$)	17.00 (0.61–44.70)	14.56 (0.45–63.80)	W = 461, r = 0.020, p = .88
Expt 1b:	Windfall	Earned	
<i>Demographic variables</i>			
N	28	20	
Age	42 (19–81)	53.5 (19–54)	W = 249, r = .066, p = .66
Gender	11 male, 16 female, 1 other	8 male, 12 female	$\chi^2(2) = .732, p = .69$
PGSI	2 (0–6)	1.5 (0–6)	W = 331.5, r = .16, p = .28
Slot spend per month (\$)*	50 (0–1000)	100 (2–500)	W = 257.5, r = .07, p = .64
<i>Session-level variables</i>			
Mean bet size (cents)	40.00 (4.89–117.66)	40.00 (3.52–188)	W = 258.5, r = .037, p = .80
Total bet (session) (\$)	49.13 (4.39–208.69)	47.76(9.79–166.17)	W = 242, r = .016, p = .92
Final balance (\$)	27.37 (0–100.35)	30.00 (0–104.83)	W = 236, r = .035, p = .82
Total bet by 5 minutes (\$)	18.40 (1.45–47.27)	12.56 (1.27–47.00)	W = 285, r = .12, p = .42

Continuous data violated the assumption of normality, so summary statistics are median and range, and Wilcoxon rank-sum tests were used to test for group differences. Three participants in experiment 1a and one participant in experiment 1b did not provide their age, and so are excluded from the age analysis. For the session-level variables, we excluded participants who had accidentally cashed out (two participants in experiment 1b) and participants who chose to stop gambling prior to the light flashing (one participant from each experiment). PGSI: problem gambling severity index; \$: Canadian dollar.

Table 2. Predictors of interest in the models of spin initiation latency.

	Beta	95% CI	p Value
<i>After a loss</i>			
<i>Exp1a: Cash vs credit</i>			
Log loss streak (CASH)	-0.056	-0.072, -0.039	<.001
Log loss streak * group	0.043	0.019, 0.068	<.001
Log loss streak (CREDIT)	-0.012	-0.031, 0.0062	.19
Machine balance \$(CASH)	0.00013	-0.00021, 0.0018	.9
Machine balance (\$) * group	0.0018	-0.00075, 0.0044	.165
<i>Exp1b: Windfall vs earned</i>			
Log loss streak (WINDFALL)	-0.020	-0.037, -0.0020	<.05
Log loss streak * group	-0.0055	-0.032, 0.021	.676
Machine balance \$(WINDFALL)	-0.0031	-0.0046, -0.0015	<.001
Machine balance (\$) * group	0.0072	0.0049, 0.0096	<.001
Machine balance \$(EARNED)	0.0041	0.0023, 0.0059	<.001
<i>After a win</i>			
<i>Exp1a: Cash vs credit</i>			
Log win size	0.10	0.074, 0.13	<.001
Log win size * group	0.0072	-0.030, 0.044	.699
<i>Exp1b: Windfall vs earned</i>			
Log win size(WINDFALL)	0.16	0.13, 0.18	<.001
Log win size * group	-0.094	-0.13, -0.058	<.001
Log win size(EARNED)	0.062	0.036, 0.089	<.001

Subscript text indicates in which group the effect is measured in (group 0). For predictors that are significantly modulated by group (p < .05), the model was repeated with the group order reversed, to measure the effect in group 1. Bold text indicates significant predictors. CI: confidence interval. See supplemental materials for full models, including regressors of no-interest.

Machine balance

In Experiment 1, we did not observe any effects of Machine Balance on the spin initiation latencies (Table 2, Figure 3(C)). In Experiment 2, we observed a significant negative effect of Machine Balance in the windfall group. As Machine Balance increased, the spin initiation latencies became faster. This effect was significantly modulated by group, and in the

earned group, as Machine Balance increased, spin initiation latencies became slower (Table 2, Figure 3(D)).

Win size

In Experiment 1, we observed a significant effect of win size on spin initiation latency. In the cash group, as the size of a previous win increased, the spin initiation latencies became slower (Table 2, Figure 3(E)), in line with a post-reinforcement pause effect. This effect did not differ across groups. In Experiment 2, we observed a significant effect of win size in the windfall group, again observing slower spin initiation latencies as the size of the win increased (Table 2, Figure 3(F)). This effect was attenuated (indicated by a significant win size by group interaction), but was still significant, in the earned group.

Models with bet size as the dependent variable

Loss streak length

In Experiment 1, we observed a significant effect of loss streak length on the bet size (Table 3, Figure 4(A)). In the cash group, as a losing streak increased, the probability of placing a high bet decreased. This effect did not differ significantly in the voucher group. In Experiment 2, the predictor for loss streak length was not significant (Table 3, Figure 4(B)).

Machine balance

In Experiment 1, we observed a significant effect of Machine Balance on the bet size (Table 3, Figure 4(C)). In the cash

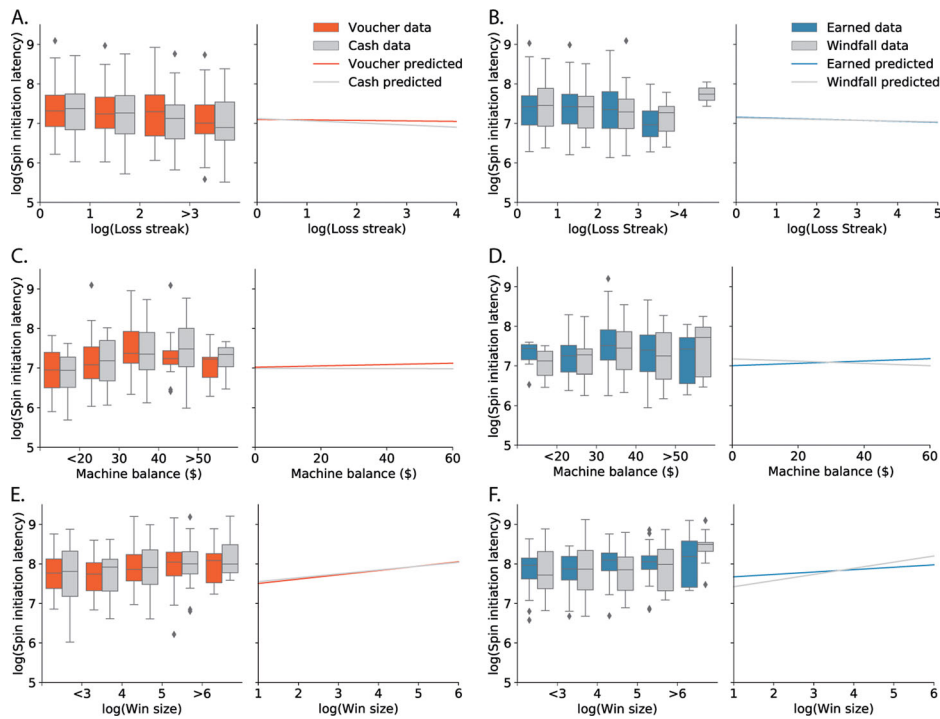


Figure 3. Observed and predicted data for the spin initiation latency models. Observed data shown using Tukey boxplots. Spin initiation latency as a function of machine balance in experiment 1a (A) and experiment 1 b (B). Spin initiation latency as a function of loss streak length in experiment 1a (C) and experiment 1 b (D). Spin initiation latency as a function of the size of a win in experiment 1a (E) and experiment 1 b (F).

Table 3. Predictors of interest in the next bet models.

	OR	95% CI	p value
<i>After a loss</i>			
<i>Exp1a: Cash vs credit</i>			
Log loss streak _(CASH)	0.92	0.90, 0.94	<.001
Log loss streak* group	1.06	0.94, 1.19	.326
Machine balance (\$) _(CASH)	1.04	1.03, 1.05	<.001
Machine balance (\$) * group	1.00	0.98, 1.01	.504
<i>Exp1b: Windfall vs earned</i>			
Log loss streak _(WINDFALL)	0.95	0.86, 1.05	.319
Log loss streak* group	1.07	0.92, 1.25	.373
Machine balance (\$) _(WINDFALL)	1.00	0.99, 1.01	.836
Machine balance (\$) * group	1.00	0.98, 1.00	.788
<i>After a win</i>			
<i>Exp1a: Cash vs credit</i>			
Log win size _(CASH)	1.70	1.36, 2.12	<.001
Log win size * group	0.88	0.64, 1.21	.430
<i>Exp1b: Windfall vs earned</i>			
Log win size _(WINDFALL)	1.26	1.03, 1.54	<.05
Log win size * group	1.01	0.74, 1.38	.928

Subscript text indicates in which group the effect is measured in (group 0). CI: confidence interval; OR: odds ratio. See supplemental materials for full models, including regressors of no-interest.

group, as Machine Balance increased, the probability of placing a high bet increased. This effect did not differ significantly in the voucher group. In Experiment 2, the predictor for Machine Balance was not significant (Table 3, Figure 4(D)).

Win size

In Experiment 1, we observed a significant effect of the amount won on the size of the next bet (Table 3, Figure 4(E)). In the cash group, as win size increased, the probability of placing a high bet increased. This effect was not

modulated by group. In Experiment 2, we observed the same effect in the voucher group: as win size increased, the probability of placing a high bet increased (Table 3, Figure 4(F)) and again, this effect was not modulated by group.

Discussion

Across two experiments, we examined the impact of monetary manipulations in participants who were experienced slot machine gamblers, using an authentic slot machine housed in a laboratory environment. In Experiment 1, we manipulated the mode of payment, by comparing cash and voucher conditions. In Experiment 2, we manipulated how the money was acquired, by comparing earned and windfall conditions. We did not find evidence to support our predictions, inspired by the ‘pain of paying’ hypothesis, that monetary factors would influence session-level gambling intensity. Neither measures of average bet size nor overall bet volume differed significantly by mode of payment (Experiment 1) or how the money was acquired (Experiment 2).

Due to the variability that is inherent to using real EGMs, our trial-level analysis tested for effects of monetary condition in the context of several game-level factors. This was, effectively, a more sensitive ‘manipulation check’ of gambling in our laboratory environment. These analyses indicated systematic effects on bet amount and speed of play, as a function of losing streak length and the size of a previous win. In discussing these analyses, we emphasize effects that were consistent across the cash condition (Experiment 1) and the windfall condition (Experiment 2), as largely comparable conditions. Machine balance, a third

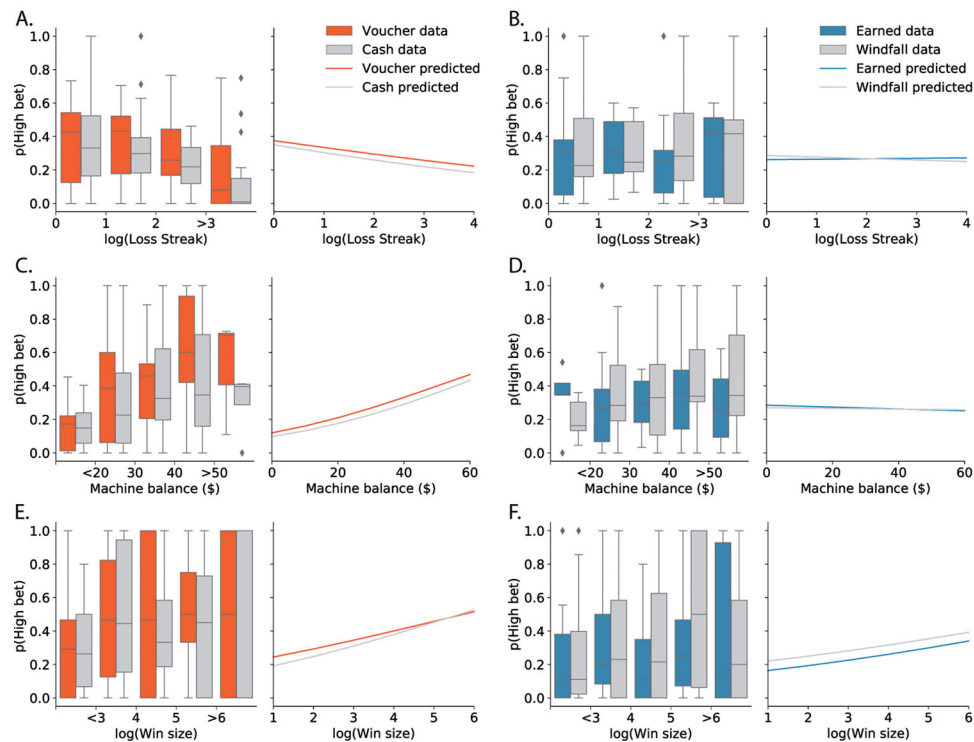


Figure 4. Observed and predicted data for the next bet size models. Observed data shown using Tukey boxplots. Probability of the next bet being higher than the participants median bet as a function of machine balance in experiment 1a (A) and experiment 1b (B). Probability of the next bet being higher than the participants median bet as a function of loss streak length in experiment 1a (C) and experiment 1b (D). Probability of the next bet being higher than the participants median bet as a function of the size of a win in experiment 1a (E) and experiment 1b (F).

game-level predictor, did not exert consistent effects from this perspective. On speed of play, we observed a significant effect of losing streak length on spin initiation latencies: participants initiated their next bet more quickly as the number of sequential losses increased. This loss-induced impulsivity was previously observed on the trial immediately following a loss (Verbruggen et al. 2017; Eben et al. 2020) and our data extend this effect, showing that this speeding accumulates over a sequence of losses. This effect may constitute an over-looked expression of loss chasing, whereby gamblers respond in a faster and more uncontrolled way on losing streaks (Zhang and Clark 2020).

In the win models, the magnitude of wins also exerted a reliable effect on both the initiation speed and the size of the next bet. As win magnitude increased, the spin initiation latencies slowed. Prior work has shown that this ‘post-reinforcement pause’ scales with win magnitude in gamblers playing a simulated slot machine game (Dixon et al. 2013; 2014; 2019). Our data extend these findings, showing the high sensitivity of this variable to reward value during authentic slot machine use. The corresponding effect on the size of the next bet could be interpreted as a house money effect (Thaler and Johnson 1990) or in terms of an availability heuristic (Croson and Sundali 2005), that the prospect of further wins is easily brought to mind, encouraging a high wager. This effect also accumulates with winning streak length in a recent analysis of baccarat gambling (Abe et al. 2021). The collective results of the trial-level analyses demonstrate the sensitivity of our dependent variables and modeling approach for investigating slot machine behavior in the

laboratory environment. Although participants were not playing with their own money in a real casino, the trial-level predictors are psychologically plausible, and reproducible across the cash and windfall groups in the two experiments.

The trial-level analyses identified some statistically significant interactions between the game-level predictors and our monetary conditions. In Experiment 1, the effect of losing streak length on spin initiation latency in the cash group was abolished in the voucher group. This is to say, the voucher group did not show the accumulative speeding effect on a sequence of losses. In Experiment 2, the effect of win magnitude to lengthen the spin initiation latency (i.e. the post-reinforcement pause effect) was attenuated in the earned group. In both cases, these interactions were not robust across the two experiments. Without *a priori* hypotheses linking the game-level predictors to the pain of paying framework, we are cautious about the interpretation of these effects. We also acknowledge that by analyzing Experiments 1 and 2 separately, we have not statistically compared these terms. Future research may consider looking to replicate these preliminary effects using pre-registered designs.

In Experiment 1, we observed two further effects on bet size in the cash group that were not replicated in the windfall group of Experiment 2. In the cash group, bet size decreased as a function of losing streak length. Losing streak length also represents an increasing distance from the gambler’s last win; this could elicit either pessimism or optimism (via a gambler’s fallacy effect) about one’s chances of winning. The reduced bet size implies the former, in line with a

‘cold-hand’ effect (Croson and Sundali 2005). Bet size also increased as a function of Machine Balance in Experiment 1: gamblers tended to bet higher when they were more ‘in the black’, and this supports the ‘house-money’ effect that was also seen for the win magnitude predictor across both experiments. For the analyses of machine balance, the negative expectancy of the slot machine dictated that most participants spent much of their sessions below their starting balance (‘in the red’). This range restriction, alongside the smaller sample size in Experiment 2, may have compromised our ability to test (and confirm) the Machine Balance effect in Experiment 2.

Methodological considerations

One interpretation of the lack of evidence for monetary effects in our session-level analyses is clearly that changes in monetary format are not associated with changes in risky or uncontrolled gambling. This account may appeal to stakeholder groups keen to promote the adoption of digital payment methods. The traditional forms of evidence for ‘pain of paying’ observed in consumer research ten years ago may also have attenuated, as the population adapts to cashless alternatives. Our own view is that our findings also highlight the methodological challenges with manipulating monetary factors in the laboratory, especially in the context of endowed funds (Gainsbury and Blaszczynski 2011). Although our participants were experienced gamblers, they were not playing with their own money. Our procedure included a number of elements intended to reinforce our monetary manipulations (e.g. a realistic in-house ‘voucher’, and asking participants to count and hold the bills), but it is possible that these features were unsuccessful. If participants continued to construe the endowment as a windfall across all conditions, any ‘pain of paying’ effects may be negligible. Similarly, our earning manipulation in Expt 2 was contrived in so far as it was an unavoidable component of our procedure; participants could not decide to ‘not work’ (other than by withdrawing from the study), nor can we be sure our earning task successfully fostered a sense of ownership. Clearly, reimbursement procedures carry ethical considerations that are especially important in gambling research (Cantinotti et al. 2016), but we suggest there is nonetheless scope for methodological refinement here, such as borrowing procedures from behavioral economics (Ercal et al. 2011; Rüdiger et al. 2017) or examining windfalls during the gambling game itself (Rockloff et al. 2020).

In our experiments, the sensitivity of our designs was also affected by the variability associated with using authentic slot machines. While the games afford ecological validity, the outcome sequence cannot be controlled, and we see substantial within-condition variability in profit/loss (machine balance) and the ensuing subjective experience of our participants (e.g. elation, frustration). This variability was further amplified by our decision to allow participants to vary their bets, which we took in order to derive more direct measures of risk-taking (see [Supplementary S2](#)). In future studies, the use of realistic simulators to present a controlled sequence

could reduce this variability, although it is impossible to fully eliminate some outcome variability if participants are allowed to vary their betting strategies.

Our findings should be considered in light of a number of further strengths and weaknesses. First, although we pre-registered the hypotheses for Experiment 2, behavioral data from authentic slot machines are complex, and some deviations were necessary from the pre-registered plan (see [Supplementary S4](#)). With the richness of the data, precise operationalization of behavioral variables is key: alternative session-level variables may have shown greater sensitivity to monetary factors. In our trial-level analyses, bet size was a binary variable centered on each participant’s average bet, but this variable did not distinguish changes in line style and bet multiplier strategy, which exert somewhat distinct effects on the reinforcement profile (Barr and Durbach 2008). Second, our decision to recruit experienced gamblers traded off against reasonably small group sizes. Although many of our participants scored in the ‘at risk’ range on the PGSI, from our decision to exclude participants scoring 8 or higher, it is possible that our monetary manipulations may exert stronger effects in those with gambling problems. We did not test for moderating effects of PGSI or age, which would be worthwhile in larger samples. We did not collect data on income or socioeconomic status, which could moderate the impact of financial factors and ‘wealth shocks’. Lastly, some minor procedural differences existed between Experiments 1 and 2; for example, the slot machine cash/credit display in Experiment 1 was congruent with the cash/voucher condition, but was not systematically controlled in Experiment 2, which could have contributed to some inconsistent findings between the two studies.

Collectively, these findings highlight the challenges that face policy-oriented research on the impact of monetary formats on gambling behavior. Despite our design gaining external validity from the use of both authentic gambling products and experienced slot machine gamblers (the ‘real gamblers, real games’ requirement for evaluations of responsible gambling tools by Ladouceur et al. 2017), there are methodological barriers to examining the psychological impacts of financial factors in the laboratory. Given jurisdictional differences in EGM specifications and the logistical challenges with community-based recruitment, future research could benefit from pooling data collection across multiple labs. Improved access to field data (e.g. gambling operators) will also aid policy-related decisions around cashless gambling. Although constraints also apply in the field – for example, there is no ‘cash’ option on a gambling website – better understanding of financial influences on gambling will likely require convergent data including both controlled laboratory designs and ecologically-valid field research.

Disclosure statement

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(U.S.A.) and accepted travel/accommodation for speaking engagements from the National Council for Responsible Gambling (U.S.A.), the International Multidisciplinary Symposium on Gambling Addiction (Switzerland) and the Responsible Gambling Council (Canada). She has not received any further direct or indirect payments from the gambling industry or groups substantially funded by gambling. LC is the Director of the Center for Gambling Research at UBC, which is supported by funding from the Province of British Columbia and the British Columbia Lottery Corporation (BCLC), a Canadian Crown Corporation. LC has received a speaker/travel honorarium from the National Association for Gambling Studies (Australia) and the National Center for Responsible Gaming (US), and has received fees for academic services from the National Center for Responsible Gaming (US), GambleAware (UK) and Gambling Research Exchange Ontario (Canada). He has not received any further direct or indirect payments from the gambling industry or groups substantially funded by gambling. He has received royalties from Cambridge Cognition Ltd. relating to neurocognitive testing. Ke Zhang holds the Graduate Fellowship in Gambling Research, a fellowship supported by the British Columbia Lottery Corporation and adjudicated by the UBC Faculty of Arts. Mario Ferrari and Ke Zhang both disclose receiving a speaker honorarium from the British Columbia Lottery Corporation (BCLC). CC, NC, KM report no disclosures.

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MAVERICK

G A M I N G

Washington Table Ticket - In, Ticket - Out (TITO) Proposal
Jan 7, 2022



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DESCRIPTION

OVERVIEW

THE WHY





Objective of Table Game Ticket - In, Ticket - Out (TITO)

OVERVIEW:

Maverick Gaming proposes the ability to use barcoded tickets to buy in chips at the gaming tables, to issue barcoded tickets against chips, and to cash out barcoded tickets at a kiosk and cage .

THE OBJECTIVE:

- ✓ Implement a new product at all locations that will eliminate the passing of counterfeit bills.
- ✓ Provide a control that will reduce the ability to launder money.
- ✓ Use of a secure bill validator stacker box to keep cash inserted into the bill acceptor protected.
- ✓ Provide full auditing of transactions at the tables.
- ✓ Eliminate guests carrying chips to cage for cash out and avoid guests walk out with chips.
- ✓ Improve operation efficiency to reduce frequency of fills and drops.

THE SOLUTION

- The TITO device's secure bulk bill validator has a built-in counterfeit device that can scan multiple bills at once, detect any counterfeit bills and reject them.
- Enhance AML capability on unrated guests.
- Increase in security through funds stored stacked in TITO cash boxes.

VIDEO DEMONSTRATION





CountR

[Click HERE](#) if above demo video not playing

TRANSACTION FLOW DESCRIPTION

Proposed

3



Transaction Flow Description

Buy - In:

- When a player purchases chips with cash to a gaming table, the dealer stacks the bills into the TITO device for validation.
- The TITO device then validates the bills and rejects counterfeits. If the bills are validated, the dealer then issues the corresponding value in gaming chips to the player purchasing chips with cash.

Ticket - In:

- When a player comes to a gaming table and presents a TITO barcoded ticket to the dealer, the dealer scans the ticket into the TITO device by way of the embedded barcode scanner.
- The TITO device then reads information from the ticket and then transmits this information to the Casino TITO system.
- The TITO system then validates the ticket. If the ticket is validated, the dealer then issues the corresponding value of the ticket in gaming chips to the person presenting the ticket.
- Gaming play then begins with the issued chips. If the ticket is not validated by the casino's TITO system, no chips will be issued to the person presenting the ticket.

Ticket - Out:

- When a player has concluded wagering at the table, the dealer will then collect the players remaining chips, count them and then enter the value of the chips into TITO device via the 12 key keypad.
- After entering the value into TITO, a ticket will be printed via the internal TITO printer after validating the transaction through the TITO system.
- The motorized printer internal to TITO device will present a ticket to the dealer who will then present the ticket to the player.

Ticket Redemption at Kiosk :

- TITO tickets can be accepted by a kiosk, when the voucher has been validated by the TITO system, currency is paid to the player.

Anti - Money Laundering (AML) Risks:

- The AML Program will be revised to account for the risks related to the TITO redemption and issuance process.
- The TITO process provides better information regarding a player's activity in that it tracks the transactions and will facilitate reporting.
- Cash activity is minimalized.
- The TITO system and kiosks are configurable to require identification and information or prohibit specific cash transactions.



MAVERICK
SPORTS

THANK YOU

Add Contact Info Here

C. Sizemore:

Okay. Thanks. I just don't even play a lawyer on TV, so I like to check in on some of those things. So, thank you. So with that, we are done with that tab and we will now move and I need to find my agenda. Sorry, everyone. The next item up for discussion under tab seven is a petition for rule change. Rule petition to amend, and the topic is use of an iDrop kiosk. We have Ashley [Laden 01:46:29] back. Welcome back, Ashley. And again, I believe Mr. Merrill is the petitioner. So Ashley, go ahead.

Ashley Laden:

Sure. Sizemore, commissioners and, ex officios, for the record, I'm Ashley Laden rules coordinator with the Gambling Commission. Tim Merrill of Maverick Gaming in Kirkland, Washington is proposing to amend a number of rules to allow for the use of a ticket-in, ticket-out system using the iDrop kiosk device in card rooms to purchase and redeem tickets for table games play. According to the petitioner, iDrop enables players to purchase chips directly at the live gaming table from the dealer and brings ticket-in, ticket-out to live gaming tables, thus allowing players to move directly from live game to live game without having to go to the cage cashier. Players are able to cash out at any time on the live gaming table and receive their money and ticket form paid by the iDrop kiosk. The iDrop bill acceptor system allows for easy accounting and verification of all cash in and out at each live gaming table.

Ashley Laden:

Transaction history can be viewed in real time in the event that a customer dispute arises and decreases the threat of counterfeit bills because every bill is verified using the iDrop bill acceptor. The petitioner also feels that manipulation in the count room would become impossible. The petitioner feels this change is needed because this change would allow card rooms the ability to validate and count the drop on live table games, using real time data for efficient reporting of revenue. The petitioner feels there will be an increase in security because the funds will always be in secure boxes. The use of tickets will allow for a quick and secure count by having tickets to validate from data already collected at the table games. Lastly, the petitioner feels this will help combat the passing of counterfeit bills by using the ticket-in, ticket-out device, on the table games to validate all bills for authenticity.

Ashley Laden:

The petitioner feels the effect of this rule change would allow the use of tickets and kiosk systems instead of only allowing the purchase of chips using cash and the redemption of chips at the cage. If the petition is accepted, card room and manufacturer rules will need to be amended and additional rules may need to be adopted. Staff has the following policy concerns with this petition. While this equipment could reduce criminal behavior such as the passing of counterfeit bills and theft, staff is unsure how the use of iDrop will impact any anti-money laundering efforts. I shouldn't say any. Impact anti-money laundering efforts.

Ashley Laden:

Staff has concerns about the ability to maintain a closed system. Other impacts or changes. The use of this equipment could bring to the card room operation, such as count room procedures, accounting elimination of the cage, et cetera. The security and integrity of equipment and connectivity of the card rooms' accounting systems. Under the requirements of the Administrative Procedure Act, the commission must take action on this petition within 60 days of receiving it. Your options are to accept the petition and initiate rulemaking proceedings by filing the rules proposed for further discussion or to

deny the petition in writing stating the reasons for denial or where appropriate indicate alternative means by which the agency will address concerns raised in the petition.

Ashley Laden:

Staff recommends, accepting this petition and initiate rulemaking while understanding that the equipment proposed will need to be submitted and evaluated by Gambling Commission staff under WAC 230-17-192, submission of electronic or mechanical gambling equipment, during the rulemaking process before staff can begin to finalize rules related to this petition. And with that, I'll now turn it over to Mr. Merrill of Maverick Gaming to speak to his petition. And he's got a presentation that I will show as well.

C. Sizemore:

Okay. Welcome back, Mr. Merrill.

Tim Merrill:

Thank you.

Ashley Laden:

Okay.

Tim Merrill:

We can just skip to the overview. One More.

Ashley Laden:

Okay.

Tim Merrill:

All right. So what we're trying to do is bring the ticket-in, ticket-out technology used on slot machines to the table games. The objective is to implement a new product in all locations. It's going to eliminate passing counterfeit bills, provide a control that's going to reduce the ability for people to launder money. In this system, you're able to actually track the ticket associated with the card number and then, therefore, their play also on the tables. The use of the secure validator stacker box keeps the cash inserted in the bill acceptor protected. We can fully audit the transactions at all the tables. It eliminates guests carrying chips to the cage and avoids guests walking out with chips.

Tim Merrill:

It also improves our operational efficiency, because it allows us to reduce the number of fills and credits we do at the tables, because we're always collecting the chips back. The other thing that we didn't put in here, but it happens is we unfortunately in the card room business, get robbed once in a while. What this is going to do, because we're able to use kiosks to allow people to cash out, it reduces the amount of cage cash we have. So, therefore, we're less desirable for armed robbery. If you want to go to, we got a little demo from the supplier on how it works. It's only a couple minutes. We thought we could show you the video.

Ashley Laden:

Give me just a second and I've got that ready here.

Reeves:

Ashley, is there sound to this or is it just a video?

Tim Merrill:

It's just a video. The supplier didn't have sound. So you see, they take the money in. It validates it in the bill validator and then they give the checks to the customer, the chips. So then when the customer's ready to cash out, again, you validate. You validate the amount, you type it in. There we go. In real life it'll go faster than that. And it prints a ticket directly from the tray that is then given to the customer. Last is the redemption at the table. Ticket goes just directly back into the BV. In this case, it tells the dealer what was redeemed and you give the chips to the customer.

Tim Merrill:

So we just took a minute to summarize the transaction flow. It would be buy in, that's when they take cash to the dealer. Same processes that are already approved in the state would be used that then verify that cash amount, cut the chips out, the cash would then go into the BV. It would be authenticated to go in as a secondary measure. And then we would then hand the chips off to the customer. Ticket-in is the same way, except this time they're going from table A to table B with a ticket that they've cashed out. They put the ticket into the BV. It will tell the dealer how much to give the customer. Dealer cuts that out and gives it to the customer. Ticket out is when they want to cash out. So they've played, they have chips. They want to go to another table.

Tim Merrill:

They turn their chips in, the dealer puts in. After the amount is verified, the dealer puts that into the kiosk. It prints the ticket out. And then there's a ticket to redemption kiosk. That's where we're hoping a majority of the transactions occur when the customer wants to cash out, where they just go to a kiosk, they put their ticket in and then it cashes out. And then obviously there are, as brought up by staff, some people would think about anti-money laundering. Actually the AML program takes this into account. So, it tracks the buy-in, ticket-in and ticket-out of every customer during the day.

Tim Merrill:

When it hits reportable thresholds for a known customer, it records those amounts. If a CTR needs to be completed on a customer, then when they go to the kiosks to cash out that CTR is completed in the back end, using the same systems we have today. And then the TITO system and the kiosks are configured that a certain level is required, identification is required on unknown customers. And with that identification is not received and those transactions are not processed. I think that is my presentation.

C. Sizemore:

Okay, great. Commission Reeves, I see your hand.

Reeves:

Thank you, Mr. Chair. So similar to my last question and Mr. Merrill, if you know the answer to this, feel free to chime in. But for staff, is this type of service offered anywhere else in the gambling system in Washington? And if so, can you highlight where? And if not, similar to the last instance, initiating

rulemaking here would be essentially creating a dialogue to talk about a pilot. Kind of a pilot exploration of this particular activity. Is that correct?

Tina:

Correct. Tina Griffin, interim director. So this is not authorized in commercial nonprofit or tribal gaming facilities. Ticket-in, ticket-out is authorized for tribal lottery systems, but nothing is authorized in the state of Washington for table games.

Reeves:

So again, this would be essentially a potential pilot to understand all of the opportunities, challenges, pros, cons, et cetera. That's what staff would be exploring in the rulemaking process, correct?

Tina:

Yes. Thank you. Sorry, I missed the last part of the question and answering the last part of the question. So, yes. So one of our rules, 230-17, my apologies for not having it in front of me.

Ashley Laden:

192.

Tina:

Thank you, Ashley. So, 230-17-192 states that when there is rulemaking that would involve equipment that we have to receive that equipment so we have an opportunity to truly understand what is being proposed and to find out how it works, et cetera. And so that we can make sure that during rulemaking, we outline the parameters of how that equipment's going to be used. So we did this exact same process just recently through the electronic raffle, 50/50 nonprofit raffle systems. And so during that process, we review the equipment and make sure that we're capturing everything that we need to through the initial set of rulemaking. And then we also obviously are making sure that the equipment is within the confines that could be within our scope of authority in rulemaking, right? And so, if the equipment does something that would need to have a legislative change, then we have that conversation, et cetera. So, yes, that's correct.

Reeves:

Perfect. Thank you, director. That answers both my questions.

Tina:

Thank you.

C. Sizemore:

Thank you, Tina. Any further questions, discussion here prior to public comment? All right. I'm not seeing any other commissioners raise... Oh, commissioner Reeves.

Reeves:

Sorry. And so, I just want to make sure that I heard Mr. Merrill correctly. Mr. Merrill, your articulation is that initiating this particular activity on the premises of your facilities, that you see this as a safety and security measure as well. Is that an accurate assessment of what you're articulating?

Tim Merrill:

That's correct.

Reeves:

Okay. Thank you very much.

C. Sizemore:

All right. So with that, we will go ahead and open the floor up for public comment. So if you wish to make public comment on this iDrop concept rulemaking, now would be the time. And again, we'll use the functionality of the Teams and I am not seeing any hands. Julie Anderson, are you seeing anyone?

Julie Anderson:

No, sir. Nothing in the chat.

C. Sizemore:

Okay. Oh, commissioner Reeves. Well, I'll go ahead and close public comment and open... Well, commissioner Reeves, go ahead. And then we'll be open for a motion.

Reeves:

Yep. I was just getting in line, sir.

C. Sizemore:

All right. Floor's yours.

Reeves:

Great. Mr. Chair, I would like to recommend that we accept this petition and file initial rule making with the understanding that obviously as director Griffin, interim director, Griffin, articulated that the equipment being discussed in this particular petition needs to be submitted and evaluated by the commission staff pursuant to WAC 230-17-192, before we can begin to finalize any rulemaking beyond the initial 101.

C. Sizemore:

All right. So I believe that your motion is to initiate this rulemaking proceedings as proposed by staff for further discussion. Is there a second?

Levy:

Commissioner Levy will second.

C. Sizemore:

This transcript was exported on Jan 14, 2022 - view latest version [here](#).

Okay. It's been moved by commissioner Reeve, seconded by commissioner Levy to initiate rulemaking proceedings as proposed by staff for further discussion. Is there any further commission discussion? All right. Hearing none, we will attempt a voice vote. All those in favor, please say aye.

Reeves:

Aye.

Levy:

Aye.

Tina:

Aye.

C. Sizemore:

Aye. Any opposed? Motion carries four to zero. All right. I believe that we're done with you, Mr. Merrill. Is that accurate?

Tim Merrill:

Thank you for your time today, commissioners.



Rule Petition to Amend
WAC 230-03-138 – Defining “qualified sports team.”

JULY 2023 – Discussion and Possible Filing
MAY 2023 – Commission Review
APRIL 2023 – Rule-Making Petition Received

Tab 8: JULY 2023 Commission Meeting

Statutory Authority 9.46.070

Who Proposed the Rule Change?

Andy Billig, on behalf of Spokane Chiefs Hockey Club, Spokane, WA

Background

BOLD = Changes made after May 2023 Commission Meeting

In January 2020, the major league sports teams in Washington state petitioned the Gambling Commission for changes to the rules to allow for electronic 50/50 raffles operated by their affiliated nonprofit foundations. After much work and deliberation, the Commission adopted rules responsive to the petition in November 2021. In the two-year-long discussion about adoption of the new and amended rules, there was explicit mention of reasoning for limiting electronic 50/50 raffles to “qualified sports teams” defined as “major league or highest level team organized in Washington state.” At the time, the limitation was intended to enable the Commission to work with a limited number of teams to ensure that it had devised adequate rules and internal controls to regulate this activity properly. The first electronic 50/50 raffles launched in September 2022 with the beginning of the NFL season and, in October, for the NHL season.

On behalf of the Spokane Chiefs Hockey Club, Andy Billig of Spokane, WA has now submitted a petition to amend WAC 230-03-138 to expand the definition of a “qualified sports team” to include the four teams of the affiliated professional minor league baseball and the four teams of the Western Hockey League. This change would allow charitable or nonprofit organizations established by or directly affiliated with these sports teams to apply for a license to operate electronic raffles.

Currently, the rule (WAC 230-03-138) defines “qualified sports team” as major league or highest level team organized in Washington State and excludes “lower level teams, including, but not limited to, minor, farm, or development league teams.” The petitioner suggests adding minor league baseball and major junior hockey and eliminating the exclusion.

The petitioner feels this change is needed for several reasons:

- To ensure fairness by enabling all teams and communities in Washington state to operate electronic 50/50 raffles, which are easier and more efficient than traditional 50/50 raffles.
- To help all spectator sports teams in Washington state, as well as their fans and the players, to benefit from the electronic 50/50 raffle.
- To allow the communities where these teams exist to benefit from the charitable efforts that flow from the electronic 50/50 raffle proceeds.

Adopting the petitioner’s suggested change may enable an additional eight nonprofits affiliated with in-state teams to engage in electronic 50/50 raffles.

At the May 2023 Commission meeting, Commissioners agreed to initiate rule making on the petition for further discussion.

Attachments:

- Petition
- **Proposal for amending WAC 230-03-138**

Staff Recommendation

Staff recommends that Commissioners file language for further discussion.

McLean, Lisa (GMB)

From: no-reply@wsgc.wa.gov on behalf of Washington State Gambling Commission via Washington State Gambling Commission <no-reply@wsgc.wa.gov>
Sent: Tuesday, April 25, 2023 9:37 AM
To: Rules Coordinator (GMB)
Subject: Request a Rule Change Submission from wsgc.wa.gov

External Email

Submitted on Tuesday, April 25, 2023 - 9:37am Submitted by anonymous user: 98.203.179.180 Submitted values are:

Petitioner's Name: Andy Billig on behalf of the Spokane Chiefs Hockey Club Mailing Address: 700 W. Mallon
City: Spokane
State: WA
Zip Code: 99203
Phone: 5099909219
Email: abillig@brettsports.com

Rule Petition Type: Amend Rule – I am requesting WSGC to change an existing rule.

==Amend Rule – I am requesting WSGC to change an existing rule.==

List rule number (WAC) if known: WAC 230-03-138

I am requesting the following change: We are requesting that that WAC 230-03-138 be amended to include all Minor League Baseball and Major Junior Hockey teams. Specifically, we are requesting that the last line of this WAC ("This does not include lower-level teams including, but not limited to, minor, farm, or development league teams") be deleted and "Minor League Baseball" and "Major Junior Hockey" be added to the list of allowable leagues. Further, if the commission felt a further limitation were needed so it was restricted only to large sporting events, it would be possible to also add a minimum for the number of seats for the facilities where teams play. That limitation could be written as, "An eligible team must play a majority of its home games in a facility with a minimum capacity of no less than 3000 people."

This change is needed because: This change is needed for fairness. It does not make sense that some teams and communities in our state would have access to electronic 50/50 while others do not. The change will help all spectator sports teams in Washington state, their fans and players to benefit from electronic 50/50, which comes with much greater efficiency and ease compared to traditional 50/50. Most importantly, this change will allow the communities where these teams exist to benefit from the charitable efforts that flow from the 50/50 proceeds. The effect of this rule change will be: The effect of this rule change will be to allow the option for all Professional and Major Junior teams that play in large facilities in our state to use electronic 50/50 raffles and their communities will benefit from the charitable efforts that flow from the 50/50 proceeds.

The results of this submission may be viewed at:

<https://gcc02.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwsgc.wa.gov%2Fnode%2F18%2Fsubmission%2F3995&data=05%7C01%7Crules.coordinator%40wsgc.wa.gov%7C0dc7eda6e5c84696f8e608db45ab5d07%7C11d0e217264e400a8ba057dcc127d72d%7C0%7C0%7C638180374528940956%7CUnknown%7CTWFpbGZsb3d8eyJWljojMC4wLjAwMDAiLCJQIjoiV2luMzliLCJBTiI6IjEhaWwiLCJXVCI6Mn0%3D%7C3000%7C%7C%7C&sdata=qioji2F%2BPTONHLKMKI2bxKrCO8y8o1TSrHWLBIZn6xk%3D&reserved=0>

AMENDATORY SECTION (Amending WSR 21-21-079, filed 10/18/21, effective 11/18/21)

WAC 230-03-138 Defining "qualified sports team." "Qualified sports team" as used in WAC 230-03-153 means a Major League or highest-level team organized in Washington state as a member of Major League Baseball, National Hockey League, National Football League, National Basketball Association, Women's National Basketball Association, Major League Soccer, ~~((or))~~ National Women's Soccer League, Professional MLB-affiliated Minor League teams, or the Western Hockey League. ~~((This does not include lower-level teams including, but not limited to, minor, farm, or development league teams.))~~



Staff Proposed Rule Making
WAC 230-10-460 – Shared bingo facilities.

JULY 2023 – Discussion and Possible Filing
MAY 2023 – Initiate Rule Making

Tab 9: JULY 2023 Commission Meeting Agenda.	Statutory Authority 9.46.070
Who Proposed the Rule Change?	
Washington State Gambling Commission Staff	
Background	
<p>BOLD = Changes made since May 2023 Commission Meeting</p> <p>On April 20, 2023, Governor Jay Inslee signed HB 1707 (an act relating to bingo conducted by bona fide charitable and nonprofit organizations) into law with an effective date of July 23, 2023. The bill amends RCW 9.46.0205, removing the limitation on conducting bingo only in the county in which the organization is principally located. Now, a bona fide charitable or nonprofit organization must only be principally located in the state of Washington and may not be approved for more than three licenses to conduct bingo activities.</p> <p>The statutory change necessitates an amendment to WAC 230-10-460 regarding shared bingo facilities to bring it into line with the statute as amended. The fifth paragraph of the WAC reads: “(5) Locate their head office or principal location in the same county where they operate bingo, or as otherwise defined in RCW 9.46.0205.”</p> <p>The attached revised WAC deletes the fifth paragraph.</p> <p>Attachments:</p> <ul style="list-style-type: none">• Revised WAC 230-10-460 for filing• House Bill 1707 An Act relating to bingo conducted by bona fide charitable and nonprofit organizations.	
Staff Recommendation	
Staff recommends filing the attached revised WAC for further discussion so that the rules align with the statute as amended.	

WAC 230-10-460 Shared bingo facilities. Multiple bingo licensees must enter into a written agreement before sharing a facility. Before operating in a shared facility, licensees must:

(1) Send us written notification of intent to share facilities at least (~~thirty~~) 30 days before operating bingo in a shared facility. The notification must include, at least:

(a) The name of all organizations sharing the facility; and

(b) Names and signatures of the highest ranking officer for each organization involved; and

(c) Copies of any written agreements between organizations; and

(d) The method used to share expenses.

(2) Maintain management over their individual gambling activities.

(3) Be solely responsible for their individual records, inventory, management, equipment, and operation of the gambling activities for which they hold a license.

(4) Complete a separate quarterly activity report according to the gambling receipts and expenses it is responsible for under the terms of the written agreement between the licensees.

~~((5) Locate their head office or principal location in the same county where they operate bingo, or as otherwise defined in RCW 9.46.0205.))~~

CERTIFICATION OF ENROLLMENT

HOUSE BILL 1707

68th Legislature
2023 Regular Session

Passed by the House March 4, 2023
Yeas 96 Nays 0

**Speaker of the House of
Representatives**

Passed by the Senate April 6, 2023
Yeas 44 Nays 1

President of the Senate

Approved

Governor of the State of Washington

CERTIFICATE

I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **HOUSE BILL 1707** as passed by the House of Representatives and the Senate on the dates hereon set forth.

Chief Clerk

FILED

**Secretary of State
State of Washington**

HOUSE BILL 1707

Passed Legislature - 2023 Regular Session

State of Washington

68th Legislature

2023 Regular Session

By Representatives Kloba, Reed, and Eslick

Read first time 02/01/23. Referred to Committee on Regulated Substances & Gaming.

1 AN ACT Relating to bingo conducted by bona fide charitable or
2 nonprofit organizations; and amending RCW 9.46.0205.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 **Sec. 1.** RCW 9.46.0205 and 2002 c 369 s 1 are each amended to
5 read as follows:

6 "Bingo," as used in this chapter, means a game (~~conducted only~~
7 ~~in the county within which the organization is principally located~~)
8 in which prizes are awarded on the basis of designated numbers or
9 symbols on a card conforming to numbers or symbols selected at random
10 and in which no cards are sold except at the time and place of
11 ~~(said)~~ the game, when ~~(said)~~ the game is conducted by a bona fide
12 charitable or nonprofit organization, or if an agricultural fair
13 authorized under chapters 15.76 and 36.37 RCW, which does not conduct
14 bingo on more than twelve consecutive days in any calendar year, and
15 except in the case of any agricultural fair as authorized under
16 chapters 15.76 and 36.37 RCW, no person other than a bona fide member
17 or an employee of said organization takes any part in the management
18 or operation of said game, and no person who takes any part in the
19 management or operation of said game takes any part in the management
20 or operation of any game conducted by any other organization or any
21 other branch of the same organization, unless approved by the

1 commission, and no part of the proceeds thereof inure to the benefit
2 of any person other than the organization conducting said game. (~~For~~
3 ~~the purposes of this section, the organization shall be deemed to be~~
4 ~~principally located in the county within which it has its primary~~
5 ~~business office. If the organization has no business office, the~~
6 ~~organization shall be deemed to be located in the county of principal~~
7 ~~residence of its chief executive officer: PROVIDED, That any~~
8 ~~organization which is conducting any licensed and established bingo~~
9 ~~game in any locale as of January 1, 1981, shall be exempt from the~~
10 ~~requirement that such game be conducted in the county in which the~~
11 ~~organization is principally located)) The bona fide charitable or
12 nonprofit organization must be principally located in the state of
13 Washington and may not be approved for more than three licenses to
14 conduct bingo activities.~~

--- END ---



Staff Proposed Rule Making
WAC 230-17 Hearing Rules

JULY 2023 – Initiate Rule Making

Tab 10: JULY 2023 Commission Meeting Agenda.

Statutory Authority 9.46.070

Who Proposed the Rule Change?

Washington State Gambling Commission Staff

Background

In recent Commission enforcement actions, motions, responses, and other legal documents have been filed for review associated with a particular petition for review or reconsideration days prior to the upcoming meeting. Some filings have been received less than 24 hours before the next Commission meeting, forcing a continuance.

The current rule framework does not directly address motions, responses, and similar pleadings with regard to timeliness. A rule change is necessary to implement a framework to address timeliness for filings before the Commission and reduce confusion and unnecessary continuances. Other parts of the rule chapter on Hearing Rules may also be amended to add clarity or ensure consistency.

Attachments:

- Chapter 17 of WAC 230

Staff Recommendation

Staff recommends initiating rule making to adjust rules to address timeframes for filing motions, responses, and other legal documents, as well as to introduce other changes that might clarify hearing processes and ensure consistency.

Chapter 230-17 WAC HEARING RULES

Last Update: 2/9/18

WAC

ADJUDICATIVE PROCEEDINGS

230-17-001	Administrative charges and adjudicative proceedings.
230-17-005	Issuing notice of administrative charges.
230-17-010	Requesting and scheduling a hearing.
230-17-015	Settlements encouraged.
230-17-020	Prehearing conferences.
230-17-025	Appointment of administrative law judge or "presiding officer."
230-17-030	Methods of service in adjudicative proceedings.
230-17-035	When service of notices, orders, and documents is complete.
230-17-040	Filing documents for adjudicative proceedings.
230-17-045	Who can appear in a representative capacity at hearings.
230-17-050	Standards of ethical conduct.
230-17-055	Issuing, quashing, and responding to subpoenas.
230-17-060	Official notice.
230-17-065	Depositions and interrogatories.
230-17-070	Notice and length of depositions.
230-17-075	Protective orders.
230-17-080	Stipulations.
230-17-085	Initial orders.
230-17-090	Petitions for review and cross appeals of initial orders.
230-17-095	Admissibility criteria for evidence.
230-17-100	Tentative admission, exclusion, discontinuance, and objections to evidence.
230-17-105	Excerpts from documentary evidence.
230-17-110	Documentary evidence.
230-17-115	Expert witnesses.
230-17-120	Written sworn statements by expert witnesses.
230-17-125	Noncompliance with rules on expert witnesses or written statements.
230-17-130	Settlement conferences.
230-17-135	Continuances.
230-17-137	Guidelines for imposing penalties in disciplinary actions.
230-17-140	Petitions for reconsideration of a final order.
230-17-145	Stays of final orders.

BRIEF ADJUDICATIVE PROCEEDINGS (BAPs)

230-17-150	Brief adjudicative proceedings.
230-17-151	Brief adjudicative proceedings—Procedure.
230-17-152	Brief adjudicative proceedings—Appeal rights.
230-17-155	Brief adjudicative proceedings—Discovery limitations.

SEIZURE HEARINGS

230-17-160	Hearings when gambling devices are seized.
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SUMMARY SUSPENSION HEARINGS

230-17-165	Summary suspensions.
230-17-170	Petition and hearing for stay of the summary suspension.
230-17-175	Review of initial orders to stay a summary suspension.

PETITIONS FOR DECLARATORY ORDERS

230-17-180	Petitions for declaratory orders.
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RULE-MAKING PROCEDURES

230-17-185	Petitions for rule making.
230-17-190	Information required on a petition.
230-17-192	Submission of electronic or mechanical gambling equipment during rule making.
230-17-195	Locating petition for rule-making form.
230-17-200	Submitting a petition.

ADJUDICATIVE PROCEEDINGS

WAC 230-17-001 Administrative charges and adjudicative proceedings. If we bring administrative charges against anyone, we give an opportunity for an adjudicative proceeding (hearing). We give the opportunity for a hearing to:

- (1) Applicants to determine whether to deny the application; and
- (2) Licensees to determine whether to suspend or revoke the license if they held a license at the time we issued charges against them; and

(3) Applicants for approval of pull-tab dispensers to determine whether to deny approval of the dispenser.

[Statutory Authority: RCW 9.46.070. WSR 07-21-156 (Order 615), § 230-17-001, filed 10/24/07, effective 1/1/08.]

WAC 230-17-005 Issuing notice of administrative charges. The director or director's designee issues a notice of administrative charges. We serve the applicant, licensee, or permittee with the notice. The notice must include:

- (1) A short and plain statement of the matters the agency asserts; and
- (2) A request for hearing form; and
- (3) A form to request an interpreter at the hearing for persons with limited English skills or hearing impairment; and
- (4) The maximum penalty.

[Statutory Authority: RCW 9.46.070. WSR 07-21-156 (Order 615), § 230-17-005, filed 10/24/07, effective 1/1/08.]

WAC 230-17-010 Requesting and scheduling a hearing. (1) Applicants, licensees, or permittees may request a hearing using the form we provide.

(2) We must receive the request from the applicant, licensee, or permittee at our administrative office within:

(a) Twenty-three days after we mail by regular mail the notice of administrative charges; or

(b) Twenty days after they receive by certified mail the notice of administrative charges; or

(c) Twenty days after we personally serve the notice of administrative charges.

(3) If applicants, licensees, or permittees do not file requests in the time required, then they waive their right to a hearing. They are in default, as defined in RCW 34.05.440, and the commissioners may take action against them up to the maximum penalty stated in the notice of administrative charges.

(4) The director, director's designee, or the presiding officer of the hearing must issue a notice of hearing which meets the requirements of RCW 34.05.434(2).

[Statutory Authority: RCW 9.46.070. WSR 08-23-077 (Order 636), § 230-17-010, filed 11/18/08, effective 1/1/09; WSR 07-21-156 (Order 615), § 230-17-010, filed 10/24/07, effective 1/1/08.]

WAC 230-17-015 Settlements encouraged. After charges have been issued, we encourage parties' efforts to settle without the need for an adjudicative hearing.

[Statutory Authority: RCW 9.46.070. WSR 07-21-156 (Order 615), § 230-17-015, filed 10/24/07, effective 1/1/08.]

WAC 230-17-020 Prehearing conferences. The presiding officer, on his or her own motion or on the motion of one of the parties, may

direct the parties to appear at a specified time and place for a pre-hearing conference to consider:

- (1) Identifying and simplifying the issues; and
- (2) Amending pleadings, if necessary; and
- (3) Obtaining stipulations of facts and of documents; and
- (4) Limiting the number of witnesses; and
- (5) Setting discovery deadlines or resolving discovery disputes;

and

- (6) Scheduling a settlement conference before an administrative law judge; and
- (7) Scheduling the hearing date; and
- (8) Resolving any other matter that may aid in the outcome of the proceeding.

[Statutory Authority: RCW 9.46.070. WSR 07-21-156 (Order 615), § 230-17-020, filed 10/24/07, effective 1/1/08.]

WAC 230-17-025 Appointment of administrative law judge or "presiding officer." (1) The commissioners hereby appoint the office of administrative hearings to assign an administrative law judge (ALJ), called the "presiding officer," to preside at all hearings which result from administrative charges, unless:

(a) The commissioners, by their own order, declare their intent to preside at a specific proceeding; or

(b) The proceeding is an appeal of an initial order issued by an ALJ.

(2) All hearings must be conducted in compliance with Title 230 WAC and chapter 34.05 RCW.

(3) The presiding officer is authorized to modify an administrative penalty sought by commission staff against the applicant, licensee, or permittee.

[Statutory Authority: RCW 9.46.070. WSR 09-03-025 (Order 639), § 230-17-025, filed 1/9/09, effective 2/9/09; WSR 07-21-156 (Order 615), § 230-17-025, filed 10/24/07, effective 1/1/08.]

WAC 230-17-030 Methods of service in adjudicative proceedings. Parties must serve all orders, notices, and other documents by:

- (1) Personal service; or
- (2) First class, registered, or certified mail; or
- (3) Telefacsimile (fax) to the commission's legal division, and same-day mailing of a copy of the faxed document; or
- (4) Commercial parcel delivery service.

[Statutory Authority: RCW 9.46.070. WSR 07-21-156 (Order 615), § 230-17-030, filed 10/24/07, effective 1/1/08.]

WAC 230-17-035 When service of notices, orders, and documents is complete. Service of notices and other documents is complete when served by:

- (1) **Personal service** - which means actual, physical delivery to:
 - (a) The person; or
 - (b) The designated agent of the person; or
 - (c) Anyone over the age of eighteen residing at the residence of:

- (i) The person; or
- (ii) A corporate officer; or
- (d) If represented, the attorney representing the person.

(2) **Mail** - which means deposit in the United States mail with proper postage and properly addressed; service is complete on the third day after mailing, excluding the date of mailing; or

(3) **Telefacsimile (fax)** - which means faxing to the commission's legal division, with confirmation of the transmission, and the same day deposit of a copy of the faxed document in the United States mail, with proper postage and properly addressed; service is complete on the third day after mailing, excluding the date of mailing; or

(4) **Commercial parcel delivery service** - which means delivery to the parcel delivery service, when properly addressed and all charges are paid.

[Statutory Authority: RCW 9.46.070. WSR 07-21-156 (Order 615), § 230-17-035, filed 10/24/07, effective 1/1/08.]

WAC 230-17-040 Filing documents for adjudicative proceedings.

(1) We consider required documents "filed" on receipt of the documents at our administrative office accompanied by proof of service on all parties required to be served.

(2) Delivery to our administrative office when we are not present to receive the documents in person does not constitute lawful service of documents for any matter under our jurisdiction.

(3) When a party is filing a document with the commission, the attorney general's office must also be served.

[Statutory Authority: RCW 9.46.070. WSR 07-21-156 (Order 615), § 230-17-040, filed 10/24/07, effective 1/1/08.]

WAC 230-17-045 Who can appear in a representative capacity at hearings. The following persons may appear in a representative capacity at hearings or other legal proceedings:

(1) Individuals representing themselves or their business (pro se); and

(2) Attorneys at law duly qualified and entitled to practice before the supreme court of the state of Washington; and

(3) Attorneys entitled to practice before the highest court of record of any other state, if Washington attorneys are permitted to appear before administrative agencies of the other state, and if not otherwise prohibited by our state law; and

(4) Interpreters for persons with a limited understanding of the English language or hearing impaired persons; and

(5) Other persons the commissioners may allow, if a party shows a necessity or a hardship that would make it unduly burdensome to have one of the representatives set out above.

[Statutory Authority: RCW 9.46.070. WSR 07-21-156 (Order 615), § 230-17-045, filed 10/24/07, effective 1/1/08.]

WAC 230-17-050 Standards of ethical conduct. (1) Anyone appearing in proceedings before the commission in a representative capacity

must conform to the standards of ethical conduct the courts of Washington require of attorneys.

(2) If the person does not conform to these standards, the commission may decline to allow that person to appear before them.

[Statutory Authority: RCW 9.46.070. WSR 07-21-156 (Order 615), § 230-17-050, filed 10/24/07, effective 1/1/08.]

WAC 230-17-055 Issuing, quashing, and responding to subpoenas.

(1) The commission and the attorney for a party may issue subpoenas according to the requirements of RCW 34.05.446. Unrepresented (*pro se*) parties may request the presiding officer to issue for them such subpoenas as are necessary to enable them to fairly present their case. Every subpoena must:

(a) State the name of the commission; and

(b) State the title of the adjudicative proceeding; and

(c) Command the persons to whom they are addressed to attend and give testimony, produce books, records, documents, or things under their control at a specified time and place.

(2) All parties must serve their subpoenas on all other parties at least ten days before the specified time for appearance or document production.

(3) Any person eighteen years of age or older may serve subpoenas by showing and reading the subpoenas to witnesses, or by giving them a copy of the subpoena, or by leaving a copy at their residence.

(4) When anyone other than an officer authorized to serve process performs service, the server must make proof of service by affidavit or a declaration under penalty of perjury.

(5) If a party makes a motion at or before the time stated for compliance in the subpoena, the presiding officer may:

(a) Quash or modify an unreasonable and oppressive subpoena; or

(b) Order the person who issued the subpoena to pay the reasonable cost of producing the books, papers, documents, or tangible things.

(6) Parties may seek judicial enforcement of subpoenas under RCW 34.05.588.

(7) Witnesses must attend and provide requested testimony or documents at the specified time and place.

(8) During a hearing, if it appears in the public interest or in the interest of justice that further testimony or argument should be received, the presiding officer may at his or her discretion continue the hearing and:

(a) Set the hearing ahead to a certain date; and

(b) Subpoena, or allow a party to subpoena, additional argument or evidence.

[Statutory Authority: RCW 9.46.070. WSR 07-21-156 (Order 615), § 230-17-055, filed 10/24/07, effective 1/1/08.]

WAC 230-17-060 Official notice. The commission or the presiding officer may officially notice, on request made before or during a hearing or on its own motion, at least:

(1) **Federal law.** The Constitution; congressional acts, resolutions, records, journals and committee reports, decisions of federal courts and administrative agencies; executive orders and proclama-

tions; and all rules, orders and notices published in the federal register; and

(2) **State law.** The Constitution of the state of Washington, acts of the legislature, resolutions, records, journals and committee reports; decisions of administrative agencies of the state of Washington, executive orders and proclamations by the governor; and all rules, orders and notices filed with the code reviser; and

(3) **Governmental organization.** Organization, territorial limitations, officers, departments, and general administration of the government of the state of Washington, the United States, the several states and foreign nations; and

(4) **Agency organization.** The commission's administration, officers, personnel, official publications, and contents of licenses and certifications; and

(5) **Tribal compact.** A Washington tribe's compact with the state of Washington for Class III gaming and any appendices or amendments to it.

[Statutory Authority: RCW 9.46.070. WSR 07-21-156 (Order 615), § 230-17-060, filed 10/24/07, effective 1/1/08.]

WAC 230-17-065 Depositions and interrogatories. (1) Parties may take testimony by deposition on oral examination (deposition) or written questions (interrogatories) for use as evidence in the administrative hearing.

(2) Parties must depose persons in the same manner, and before the same officers, authorized by the Washington civil rules for superior court, unless otherwise agreed in writing by the parties.

(3) Witnesses may be subpoenaed to attend a deposition or produce documents.

(4) Parties may only depose a commissioner, the director, deputy director, or an assistant director if they apply to the presiding officer and show good cause that circumstances prevent the statements or depositions of other staff members from revealing the information, evidence, or details needed.

(5) Unless otherwise ordered, the person being deposed may be examined about any matter to the same extent that the Washington civil rules for superior court allow.

[Statutory Authority: RCW 9.46.070. WSR 07-21-156 (Order 615), § 230-17-065, filed 10/24/07, effective 1/1/08.]

WAC 230-17-070 Notice and length of depositions. (1) Parties wishing to depose someone must give notice of at least seven days in writing to all parties.

(2) The notice for the deposition must state:

(a) Time and place of the deposition; and

(b) The name and address of each person to be deposed, if known;

or

(c) If the name is not known, a general description sufficient to identify the person or the particular class or group to which he or she belongs (for example: "Records custodian").

(3) If a party makes a motion, the presiding officer may lengthen or shorten the time for notice of the deposition.

(4) If the parties agree in writing, depositions may be taken before any person, at any time or place, on any notice, and in any manner, and may be used as otherwise allowed by these rules.

[Statutory Authority: RCW 9.46.070. WSR 07-21-156 (Order 615), § 230-17-070, filed 10/24/07, effective 1/1/08.]

WAC 230-17-075 Protective orders. After notice is served for taking a deposition, upon its own motion or upon motion reasonably made by any party or by the person to be examined and upon notice and for good cause shown, the commission or its designated hearing officer may make an order that the deposition shall not be taken, or that it may be taken only at some designated place other than that stated in the notice, or that it may be taken only on written interrogatories, or that certain matters shall not be inquired into, or that the scope of the examination shall be limited to certain matters, or that the examination shall be held with no one present except the parties to the action and their officers or counsel, or that after being sealed, the deposition shall be opened only by order of the commission, or that business secrets or secret processes, developments, or research need not be disclosed, or that the parties shall simultaneously file specified documents or information enclosed in sealed envelopes to be opened as directed by the commission, or the commission may make any other order which justice requires to protect the party or witness from annoyance, embarrassment, or oppression. At any time during the taking of the deposition, on motion of any party or of the deponent and upon a showing that the examination is being conducted in bad faith or in such manner as unreasonably to annoy, embarrass, or oppress the deponent or party, the commission or its designated hearing officer may order the officer conducting the examination to cease forthwith from taking the deposition or may limit the scope and manner of the taking of the deposition as above provided. If the order made terminates the examination, it shall be resumed thereafter only upon the order of the agency. Upon demand of the objecting party or deponent, the taking of the deposition shall be suspended for the time necessary to make a motion for an order.

[Statutory Authority: RCW 9.46.070. WSR 07-21-156 (Order 615), § 230-17-075, filed 10/24/07, effective 1/1/08.]

WAC 230-17-080 Stipulations. A "stipulation" means an agreement among parties intended to establish one or more operative facts in a proceeding.

(1) Parties may stipulate to all or any portion of the facts of the case.

(2) Parties may file the stipulation in writing or enter it orally into the record.

(3) A stipulation, if the presiding officer accepts it, is binding on the stipulating parties. The parties may present the stipulation as evidence at the hearing.

(4) The presiding officer may reject the stipulation or require proof of the stipulated facts, despite the parties' agreement to the stipulation.

[Statutory Authority: RCW 9.46.070. WSR 07-21-156 (Order 615), § 230-17-080, filed 10/24/07, effective 1/1/08.]

WAC 230-17-085 Initial orders. (1) Initial orders must be entered in accordance with RCW 34.05.461(3).

(2) An initial order becomes the final order unless a party files a petition for review of the initial order as explained in WAC 230-17-090.

[Statutory Authority: RCW 9.46.070 and 34.05.353. WSR 08-22-093 (Order 634), § 230-17-085, filed 11/5/08, effective 1/1/09. Statutory Authority: RCW 9.46.070. WSR 07-21-156 (Order 615), § 230-17-085, filed 10/24/07, effective 1/1/08.]

WAC 230-17-090 Petitions for review and cross appeals of initial orders. (1) RCW 34.05.464 governs the review of initial orders.

(2) Any party to an adjudicative proceeding may file a petition for review of an initial order. Parties must file the petition for review with us within twenty days of the date of service of the initial order unless otherwise stated. Parties must serve copies of the petition to all other parties or their representatives at the time the petition for review is filed.

(3) Petitions must specify the portions of the initial order the parties disagree with and refer to the evidence in the record on which they rely to support their petition.

(4) Any party to an adjudicative proceeding may file a reply to a petition for review of an initial order. Parties must file the reply with us within thirty days of the date of service of the petition and must serve copies of the reply to all other parties or their representatives at the time the reply is filed.

(5) Any party may file a cross appeal. Parties must file cross appeals with us within ten days of the date the petition for review was filed with us.

(6) Copies of the petition or the cross appeal must be served on all other parties or their representatives at the time the petition or appeal is filed.

(7) After we receive the petition or appeal, the commissioners review it at a regularly scheduled commission meeting within one hundred twenty days and make a final order.

[Statutory Authority: RCW 9.46.070. WSR 07-21-156 (Order 615), § 230-17-090, filed 10/24/07, effective 1/1/08.]

WAC 230-17-095 Admissibility criteria for evidence. (1) Subject to the other provisions of these rules, all relevant evidence is admissible which, in the opinion of the presiding officer, is the best evidence reasonably obtainable, having due regard for its necessity, availability and trustworthiness.

(2) If not allowing evidence to be admitted, the presiding officer must give consideration to, but is not bound to follow, the rules of evidence governing civil proceedings, in matters not involving trial by jury in the superior courts of the state of Washington.

[Statutory Authority: RCW 9.46.070. WSR 07-21-156 (Order 615), § 230-17-095, filed 10/24/07, effective 1/1/08.]

WAC 230-17-100 Tentative admission, exclusion, discontinuance, and objections to evidence. (1) When an objection is made to the admissibility of evidence, the evidence may be received subject to a later ruling.

(2) The presiding officer may, in his or her discretion, with or without objection, exclude inadmissible evidence or order cumulative evidence discontinued.

(3) Parties objecting to the introduction of evidence must state the precise grounds of such objection at the time such evidence is offered.

[Statutory Authority: RCW 9.46.070. WSR 07-21-156 (Order 615), § 230-17-100, filed 10/24/07, effective 1/1/08.]

WAC 230-17-105 Excerpts from documentary evidence. (1) When parties rely only on portions of a document, the offering party must:

(a) Prepare the pertinent excerpts; and

(b) Adequately identify them; and

(c) Supply copies to the presiding officer and the other parties, with a statement indicating the purpose for which the excerpts will be offered.

(2) The offering party must make the whole original document available for examination and for use by all parties. However, only the excerpts must be received in the record.

[Statutory Authority: RCW 9.46.070. WSR 07-21-156 (Order 615), § 230-17-105, filed 10/24/07, effective 1/1/08.]

WAC 230-17-110 Documentary evidence. (1) When requested for cause, the presiding officer may:

(a) Require that parties submit all documentary evidence to the other parties sufficiently in advance so that they may study and prepare cross-examination and rebuttal evidence.

(b) Reject documentary evidence not submitted in advance if the party offering it cannot show that there was good cause for failing to submit it sooner.

(2) Unless a party files a written objection before the hearing, the authenticity of all documents submitted in advance is accepted. Parties may later file a challenge of authenticity if they show good cause for failing to file a written objection.

[Statutory Authority: RCW 9.46.070. WSR 07-21-156 (Order 615), § 230-17-110, filed 10/24/07, effective 1/1/08.]

WAC 230-17-115 Expert witnesses. (1) The presiding officer, where practicable, must encourage all parties to agree on the identity and number of witnesses who are to give expert testimony by:

(a) Selecting one or more to speak for all parties; or

(b) Limiting the number for each party.

(2) If the parties cannot agree, the presiding officer must require them to submit written statements to all parties with the names, addresses, and qualifications of their respective expert witnesses on a date determined by the presiding officer sufficiently in advance of the hearing to allow the other parties to investigate the witness' qualifications.

(3) The presiding officer must require parties to submit the underlying data for statements and exhibits they provide sufficiently in advance of the hearing to allow the other parties to cross examine the expert witness(es) at the hearing. However, the presiding officer must restrict to a minimum placing the data in the record.

(4) No former employees of our agency may appear, except with the director's or director's designee's permission, as expert witnesses on behalf of other parties in a proceeding involving a matter that was under consideration by the agency when the former employee was employed by the commission.

[Statutory Authority: RCW 9.46.070. WSR 07-21-156 (Order 615), § 230-17-115, filed 10/24/07, effective 1/1/08.]

WAC 230-17-120 Written sworn statements by expert witnesses.

The presiding officer must encourage all parties to agree that:

(1) For expert testimony, and all testimony based on economic or statistical data, all parties will submit written sworn statements in advance of the hearing by a date the presiding officer sets; and

(2) A party may object to the written statements on any grounds, except that the testimony is not presented orally; and

(3) A party may cross examine witnesses if the party makes a request sufficiently in advance of the hearing to allow the witness(es) to be present.

[Statutory Authority: RCW 9.46.070. WSR 07-21-156 (Order 615), § 230-17-120, filed 10/24/07, effective 1/1/08.]

WAC 230-17-125 Noncompliance with rules on expert witnesses or written statements. If expert witnesses or written statements on economic or statistical data do not meet the requirements of WAC 230-17-115 or 230-17-120, the presiding officer may receive them as evidence only if the party can clearly show good cause.

[Statutory Authority: RCW 9.46.070 and 34.05.353. WSR 08-11-037 (Order 626), § 230-17-125, filed 5/14/08, effective 7/1/08. Statutory Authority: RCW 9.46.070. WSR 07-21-156 (Order 615), § 230-17-125, filed 10/24/07, effective 1/1/08.]

WAC 230-17-130 Settlement conferences. (1) Any party to an adjudicative proceeding may request a settlement conference, with or without an administrative law judge (ALJ), to discuss a possible settlement of the case.

(2) If a settlement is reached, it must be a written order to be signed by all parties and the presiding officer.

[Statutory Authority: RCW 9.46.070. WSR 07-21-156 (Order 615), § 230-17-130, filed 10/24/07, effective 1/1/08.]

WAC 230-17-135 Continuances. (1) "Continuance" means a postponement or an extension of time after a notice of hearing or commission review has been issued.

(2) Parties may agree to a continuance.

(3) If the parties do not agree to a continuance, the person requesting the continuance must:

(a) Notify the presiding officer and the other party why a continuance is needed; and

(b) Present this request as soon as the person:

(i) Receives the notice of the hearing or commission review; or

(ii) Knows the reasons requiring the continuance.

(4) The presiding officer will consider whether the request was made promptly and may grant a continuance for good cause shown, or on his or her own motion.

(5) During a hearing, if it appears consistent with the public interest or in the interests of justice that further testimony or argument should be considered, the presiding officer may continue the hearing and set the date to introduce additional argument or evidence. This oral ruling is final notice of a continued hearing.

[Statutory Authority: RCW 9.46.070. WSR 07-21-156 (Order 615), § 230-17-135, filed 10/24/07, effective 1/1/08.]

WAC 230-17-137 Guidelines for imposing penalties in disciplinary actions. (1) Without in any manner limiting the authority granted to the commission under chapter 9.46 RCW or other applicable law to impose the level and type of discipline it may deem appropriate, at the request of any party, the presiding officer may consider the following factors, along with such others as he or she deems relevant, in determining the administrative penalty to be assessed for the violation of a statute or rule:

(a) The risk posed to the public health, safety, or welfare by the violation;

(b) Whether there are special policy implications relating to the violation, for example, those regarding underage gambling;

(c) Whether, and how, the violations impacted players, for example, failure to pay a player, and player-supported jackpot violations;

(d) Whether the applicant, licensee, or permittee:

(i) Knew, or reasonably should have known, the action complained of was a violation of any law, regulation, or condition of their license;

(ii) Previously received a verbal warning, written warning, notice of infraction, notice of violation and settlement (NOVAS), or administrative charges from the commission for similar violations;

(iii) Made, or attempted to make, a financial gain from the violation;

(iv) Had an existing compliance program related to the violation;

or
(v) Has subsequently initiated remedial measures to prevent similar violations from reoccurring;

(e) Whether the violations were intentional, willful, or grossly negligent;

(f) Whether requiring the applicant, licensee or permittee to implement a written self-enforcement and compliance program would assist in ensuring future compliance with relevant laws, regulations, and license conditions;

(g) If the violation was caused by an officer or employee of the applicant, licensee, or permittee:

(i) Whether the individual who caused the violation acted within the scope of authority granted to him or her by the applicant, licensee or permittee; or

(ii) Whether the individual violated company policies, procedures, or other standards;

(h) The adequacy of any relevant training programs the applicant, licensee or permittee previously offered or made available to its employees;

(i) Whether and the extent to which the applicant, licensee or permittee cooperated with the commission during the investigation of the violation;

(j) The penalties imposed on other applicants, licensees or permittees for similar violations;

(k) Whether the applicant, licensee, or permittee reasonably relied upon professional advice from an accountant or other recognized professional, which was relevant to the conduct or action resulting in the violation; or

(1) Any other aggravating or mitigating circumstances the presiding officer deems relevant.

(2) A party intending to rely on any aggravating or mitigating factors must raise them at the initial hearing before the presiding officer in order to preserve them for any subsequent hearings before a reviewing officer.

(3) In the spring of 2011, staff will report to the commission on the impacts of this rule, if any.

[Statutory Authority: RCW 9.46.070. WSR 09-17-074 (Order 653), § 230-17-137, filed 8/14/09, effective 9/14/09; WSR 09-05-084 (Order 641), § 230-17-137, filed 2/17/09, effective 3/20/09.]

WAC 230-17-140 Petitions for reconsideration of a final order.

(1) A party may file a petition for reconsideration of a final order. The presiding officer administers petitions for reconsideration according to RCW 34.05.470.

(2) A party may file a response to the petition for reconsideration. Parties must file responses with us within ten days of the date the petition was filed with us.

(3) If the petition is received at least fifteen business days before the next regularly scheduled commission meeting, we schedule the petition to be heard at that next meeting.

(4) If the petition is received less than fifteen business days before that next meeting, we schedule the petition at the following regularly scheduled meeting.

[Statutory Authority: RCW 9.46.070. WSR 07-21-156 (Order 615), § 230-17-140, filed 10/24/07, effective 1/1/08.]

WAC 230-17-145 Stays of final orders. (1) Any party may petition the commission for a stay of a final order in accordance with RCW 34.05.467.

(2) For purposes of this rule, the commission hereby delegates to the director the authority to deny a stay or issue a temporary stay

until the reviewing court can rule on a permanent stay. The decision of the director denying a stay is not subject to judicial review.

[Statutory Authority: RCW 9.46.070. WSR 07-21-156 (Order 615), § 230-17-145, filed 10/24/07, effective 1/1/08.]

BRIEF ADJUDICATIVE PROCEEDINGS (BAPs)

WAC 230-17-150 Brief adjudicative proceedings. The commission adopts the procedure for brief adjudicative proceedings provided in RCW 34.05.482 through 34.05.494. The commission finds brief adjudicative proceedings will be conducted where the matter involves one of the following:

- (1) Stays of summary suspension; and
- (2) Denying or revoking extended operating hours for:
 - (a) Card games; and
 - (b) Bingo; and
- (3) Charitable or nonprofit licensee appealing a denial of a request for waiver of significant progress requirements; and
- (4) Failure to pay required gambling taxes, where that is the only alleged violation in the administrative charges; and
- (5) Failure to pay a quarterly license fee or submit a quarterly license report; and
- (6) When the penalty we are requesting is a suspension of seven days or less; and
- (7) When the parties stipulate to using a brief adjudicative proceeding.

[Statutory Authority: RCW 9.46.070. WSR 18-05-029, § 230-17-150, filed 2/9/18, effective 7/1/18; WSR 07-21-156 (Order 615), § 230-17-150, filed 10/24/07, effective 1/1/08.]

WAC 230-17-151 Brief adjudicative proceedings—Procedure. (1) The following procedures apply to the commission's brief adjudicative proceedings for matters identified in WAC 230-17-150, unless the matter is converted to a formal adjudicative proceeding as provided in subsection (2) of this section.

- (a) We will set the date and time of the hearing.
- (b) Written notice shall be served upon the licensee at least seven days before the date of the hearing. Service is to be made pursuant to WAC 230-17-035.
- (c) A brief adjudicative proceeding may be conducted telephonically with the concurrence of the presiding officer and all persons involved in the proceeding.
- (d) WAC 230-17-045 controls who can appear in a brief adjudicative proceeding.
- (e) The presiding officer must be the director, deputy director, or administrative law judge.
- (f) Parties or their representatives may present written documentation or oral testimony at a brief adjudicative proceeding. However, no nonparty witnesses may appear to testify.

(g) The presiding officer may, in her or his discretion, allow oral argument from parties or their representatives during a brief adjudicative proceeding.

(h) The presiding officer will enter an initial order within ten business days of the end of a brief adjudicative proceeding. The initial order shall briefly state the basis and legal authority for the decision.

(i) An initial order will become the final order if no request for review of the initial order is received by us within twenty-one days of service of the initial order.

(2) Any party, including the agency, may file a written objection to resolution of a matter by a brief adjudicative proceeding and may request that it be converted to a formal adjudicative proceeding.

(a) The objection must be received by the presiding officer at least three days before the scheduled brief adjudicative proceeding.

(b) Upon receiving a timely written objection, the presiding officer shall determine whether the matter should be converted.

(c) A presiding officer may convert any brief adjudicative proceeding to a formal adjudicative proceeding whenever it appears to him or her that a brief adjudicative proceeding is insufficient to determine the issues pending before the commission.

(d) In determining whether to convert a proceeding, the presiding officer may consider the following factors:

(i) Whether witness testimony will aid the presiding or reviewing officer in resolving contested issues of fact;

(ii) Whether the legal or factual issues are sufficiently complex to warrant a formal adjudicative proceeding, including whether there are multiple issues of fact or law;

(iii) Whether a brief adjudicative proceeding will establish an adequate record for further agency or judicial review;

(iv) Whether the legal issues involved in the proceeding present questions of legal significance or are being raised for the first time before the commission;

(v) Whether conversion of the proceeding will cause unnecessary delay in resolving the issues; and

(vi) Any other factors that the presiding or reviewing officer deems relevant in reaching a determination.

[Statutory Authority: RCW 9.46.070. WSR 18-05-029, § 230-17-151, filed 2/9/18, effective 7/1/18.]

WAC 230-17-152 Brief adjudicative proceedings—Appeal rights.

(1) Any party to a brief adjudicative proceeding may request review of the initial order by filing a written petition for review to us.

(2) We must receive your petition for review within twenty-one days after service of the initial order.

(3) Your petition for review must contain any evidence or written material relevant to the matter that the party wishes the reviewing officer to consider.

(4) Parties must serve copies of the petition to all other parties or their representatives at the time the petition for review is filed.

(5) The chair of the commission or the commissioners shall be the reviewing officer(s).

(6) The reviewing officer(s) consider your appeal and either uphold, modify or overturn the brief adjudicative proceeding order. The decision of the reviewing officer(s), also called an order, is the final agency decision. The order will be provided to you at the last address you furnished to the commission.

(7) The order on review must be in writing, must include a brief statement of the reasons for the decision, and must be entered within ten business days after the petition for review is considered. The order shall include a description of any further available administrative review or, if none is available, a notice that judicial review may be available.

[Statutory Authority: RCW 9.46.070. WSR 18-05-029, § 230-17-152, filed 2/9/18, effective 7/1/18.]

WAC 230-17-155 Brief adjudicative proceedings—Discovery limitations. (1) In all brief adjudicative proceedings, discovery must be limited to requests for written reports and supporting documents relevant to the charges.

(2) Interrogatories and depositions are not allowed.

[Statutory Authority: RCW 9.46.070. WSR 18-05-029, § 230-17-155, filed 2/9/18, effective 7/1/18; WSR 07-21-156 (Order 615), § 230-17-155, filed 10/24/07, effective 1/1/08.]

SEIZURE HEARINGS

WAC 230-17-160 Hearings when gambling devices are seized. (1) We follow the processes explained in RCW 9.46.231 when we seize gambling devices.

(2) The item seized is forfeited to the state unless a claimant is able to prove the device is:

(a) Not a gambling device; or

(b) An antique gambling device as defined by RCW 9.46.235.

[Statutory Authority: RCW 9.46.070. WSR 07-21-156 (Order 615), § 230-17-160, filed 10/24/07, effective 1/1/08.]

SUMMARY SUSPENSION HEARINGS

WAC 230-17-165 Summary suspensions. (1) "Summary suspension" means immediately taking a license or permit from a person or organization which prevents them from operating or conducting gambling activities.

(2) The commission delegates its authority to the director to issue an order to summarily suspend any license or permit if the director determines that a licensee or permittee has performed one or more of the actions identified in RCW 9.46.075 as posing a threat to public health, safety, or welfare.

(3) The commission deems the following actions of a licensee or permittee constitute an immediate danger to the public safety and welfare:

(a) Failing or refusing to comply with the provisions, requirements, conditions, limitations, or duties imposed by chapter 9.46 RCW or any rules adopted by the commission; or

(b) Knowingly causing, aiding, abetting, or conspiring with another to cause any person to violate any of the laws of this state or the rules of the commission; or

(c) Obtaining a license or permit by fraud, misrepresentation, concealment, or through inadvertence or mistake; or

(d) Being convicted of, or forfeiting of a bond on a charge of, or having pled guilty to:

(i) Forgery; or

(ii) Larceny; or

(iii) Extortion; or

(iv) Conspiracy to defraud; or

(v) Willful failure to make required payments or reports to a governmental agency at any level, or filing false reports therewith, or of any similar offense or offenses; or

(vi) Bribing or otherwise unlawfully influencing a public official or employee of any state or the United States; or

(vii) Any crime, whether a felony or misdemeanor involving any gambling activity or physical harm to individuals or involving moral turpitude; or

(e) Allowing any person who has been convicted of, or forfeited bond on, any of the offenses included under (d) of this subsection, to participate in the management or operation of any activity regulated by the commission without written approval ahead of time from the commission or its director; or

(f) Being subject to current prosecution or pending charges, or appealing a conviction, for any of the offenses included under (d) of this subsection; or

(g) Denying the commission or its authorized representatives, including authorized local law enforcement agencies, access to any place where a licensed activity is conducted or failure to promptly produce for inspection or audit any book, record, document, or item required by law or commission rule; or

(h) Making a misrepresentation of, or failure to disclose, a material fact to the commission; or

(i) Having pursued or pursuing economic gain in an occupational manner or context which is in violation of the criminal or civil public policy of this state if such pursuit creates probable cause to believe that the participation of such person in gambling or related activities would be inimical to the proper operation of an authorized gambling or related activity in this state. For the purposes of this section, occupational manner or context shall be defined as the systematic planning, administration, management, or execution of an activity for financial gain; or

(j) Being a career offender or a member of a career offender cartel or an associate of a career offender or career offender cartel in such a manner which creates probable cause to believe that the association is of such a nature as to be inimical to the policy of chapter 9.46 RCW or to the proper operation of the authorized gambling or related activities in this state. For the purposes of this section, career offender is defined as any person whose behavior is pursued in an occupational manner or context for the purpose of economic gain uti-

lizing such methods as are deemed criminal violations of the public policy of this state. A career offender cartel is defined as any group of persons who operate together as career offenders; or

(k) If a charitable or nonprofit organization, being deemed to be operating bingo primarily for gambling purposes and continuing to use program funds to subsidize the operation of gambling activities.

(4) An order of summary suspension takes effect immediately on service unless stated otherwise in the order of summary suspension.

[Statutory Authority: RCW 9.46.070. WSR 07-21-156 (Order 615), § 230-17-165, filed 10/24/07, effective 1/1/08.]

WAC 230-17-170 Petition and hearing for stay of the summary suspension. (1) When the director summarily suspends a license or permit, the affected licensee or permittee may petition for a "stay of suspension" as explained in RCW 34.05.467 and 34.05.550(1).

(2) We must receive the petition in writing within fifteen days of service of the summary suspension.

(3) Within fourteen days of receipt of the petition, the presiding officer holds a hearing. If an administrative law judge is not available, the chairperson of the commission designates a commissioner to be the presiding officer. If the parties agree, they may have a continuance of the seven-day period.

(4) The stay hearing must use brief adjudicative proceedings as set out in WAC 230-17-150. At the hearing, the only issues are whether the presiding officer:

(a) Should grant a stay; or

(b) Modify the terms of the suspension.

(5) Our argument at the hearing consists of the information we used to issue the summary suspension and we may add any information we find after we order the suspension.

(6) At the hearing, the licensee or permittee has the burden of demonstrating by clear and convincing evidence all of the following:

(a) The licensee or permittee is likely to prevail upon the merits of the evidence at hearing; and

(b) Without relief, the licensee or permittee will suffer irreparable injury. For purposes of this section, elimination of income from licensed activities must not be deemed irreparable injury; and

(c) The grant of relief will not substantially harm other parties to the proceedings; and

(d) The threat to the public safety or welfare is not sufficiently serious to justify continuation of the suspension, or that modification of the terms of the suspension will adequately protect the public interest.

(7) The initial stay of the summary suspension order whether given orally or in writing takes effect immediately unless stated otherwise.

[Statutory Authority: RCW 9.46.070. WSR 14-09-038 (Order 697), § 230-17-170, filed 4/11/14, effective 5/12/14; WSR 07-21-156 (Order 615), § 230-17-170, filed 10/24/07, effective 1/1/08.]

WAC 230-17-175 Review of initial orders to stay a summary suspension. (1) Any party may petition the commissioners for review of an initial order to stay a summary suspension. The commissioners must

receive the request for review in writing within twenty days of service of the order. If no party requests a hearing review within twenty days of service, the order becomes final for purposes of RCW 34.05.467.

(2) If we receive a timely petition for review, the commissioners will consider the petition at the next regularly scheduled meeting of the commission.

(a) The matters considered on review are limited to the record of the stay hearing; and

(b) A commissioner who acted as presiding officer is not disqualified from considering the petition for review, unless a party demonstrates grounds for disqualification under the conditions set out in RCW 34.05.425; and

(c) The commissioners' decision is effective immediately, unless otherwise stated, and is final as set out in RCW 34.05.467.

(3) The outcome of the petition for review does not affect any future administrative hearing about their license or permit.

[Statutory Authority: RCW 9.46.070. WSR 07-21-156 (Order 615), § 230-17-175, filed 10/24/07, effective 1/1/08.]

PETITIONS FOR DECLARATORY ORDERS

WAC 230-17-180 Petitions for declaratory orders. (1) Any person may petition the commission for a declaratory order with respect to the applicability to specified circumstances of a rule, order, or statute enforceable by the agency. The petition must set forth facts and reasons on which the petitioner relies to show:

(a) That uncertainty necessitating resolution exists; and

(b) That there is actual controversy arising from the uncertainty such that a declaratory order will not be merely an advisory option; and

(c) That the uncertainty adversely affects the petitioner; and

(d) That the adverse effect of uncertainty on the petitioner outweighs any adverse effects on others or on the general public that may likely arise from the order requested.

(2) Within fifteen days after receipt of a petition for a declaratory order, the commission must give notice of the petition to all persons to whom notice is required by law, and may give notice to any other person it deems desirable.

(3) Within thirty days after receipt of a petition for a declaratory order, the commission, in writing, must do one of the following:

(a) Enter an order declaring the applicability of the statute, rule, or order in question to the specified circumstances; or

(b) Set the matter for specified proceedings to be held no more than ninety days after receipt of the petition and give reasonable notification to the person(s) of the time and place for such hearing and of the issues involved; or

(c) Set a specified time no more than ninety days after receipt of the petition by which it will enter a declaratory order; or

(d) Decline to enter a declaratory order, stating the reasons for its action.

(4) The time limits of subsection (3)(b) and (c) of this section may be extended by the commission for good cause.

(5) The commission may not enter a declaratory order that would substantially prejudice the rights of a person who would be a necessary party and who does not consent in writing to the determination of the matter by a declaratory order proceeding.

(6) A declaratory order has the same status as any other order entered by the commission in an adjudicative proceeding. Each declaratory order must contain the names of all parties to the proceeding on which it is based, the particular facts on which it is based, and the reasons for its conclusions.

(7) Any person petitioning the commission for a declaratory order pursuant to RCW 34.05.240 must generally adhere to the following form for such purpose.

(a) At the top of the page must appear the wording "before the Washington state gambling commission." On the left side of the page below the foregoing, the following caption must be set out: "In the matter of the petition of (name of petitioning party) for a declaratory order." Opposite the foregoing caption must appear the word "petition."

(b) The body of the petition must be set out in numbered paragraphs. The first paragraph must state the name and address of the petitioning party. The second paragraph must state all rules or statutes that may be brought into issue by the petition. Succeeding paragraphs must set out the state of facts relied upon in form similar to that applicable to complaints in civil actions before the superior courts of this state. The concluding paragraphs must contain the prayer of the petitioner. The petition must be subscribed and verified in the manner prescribed for verification of complaints in the superior courts of this state.

(c) The original must be filed with the commission. Petitions must be on white paper, either 8-1/2" x 11" or 8-1/2" x 13" in size.

[Statutory Authority: RCW 9.46.070. WSR 07-21-156 (Order 615), § 230-17-180, filed 10/24/07, effective 1/1/08.]

RULE-MAKING PROCEDURES

WAC 230-17-185 Petitions for rule making. (1) Any person may petition the commission to adopt, change, or repeal a rule in Title 230 WAC. The petition must contain enough information so the commissioners and the public can understand the proposal.

(2) All persons must follow the requirements explained in RCW 34.05.330 for petitions for rule making.

[Statutory Authority: RCW 9.46.070. WSR 07-21-156 (Order 615), § 230-17-185, filed 10/24/07, effective 1/1/08.]

WAC 230-17-190 Information required on a petition. (1) If not submitted on standard forms, petitions for rule making must follow the requirements of RCW 34.05.330(4) and include:

- (a) Commission name; and
- (b) The reasons for:
 - (i) Adopting a new rule; or
 - (ii) Amending an existing rule; or
 - (iii) Repealing an existing rule.

- (2) When someone is:
 - (a) Proposing a new rule, the petition should include:
 - (i) The text of the proposed rule; and
 - (ii) A description of the new rule requirements; and
 - (iii) A description of the effects of the new rule.
 - (b) Amending a rule, the petition should include:
 - (i) Title and number of the rule, for example, "WAC 230-03-040 Signing the application"; and
 - (ii) The text of your proposed rule change; and
 - (iii) A description of the effects of changing the rule.
 - (c) Requesting repeal of a rule, your petition should include:
 - (i) Title and number of the rule; and
 - (ii) A description of the effects of repealing the rule.

[Statutory Authority: RCW 9.46.070. WSR 07-21-156 (Order 615), § 230-17-190, filed 10/24/07, effective 1/1/08.]

WAC 230-17-192 Submission of electronic or mechanical gambling equipment during rule making. (1) A manufacturer or its designee is required to submit electronic or mechanical gambling equipment for evaluation during rule making when the commission is considering taking action to adopt, change, or repeal a rule in order to authorize use of the gambling equipment.

(2) When we are ready to begin our equipment evaluation, we will notify the manufacturer or its designee in writing. The manufacturer or its designee will have thirty days from the date of our written request to submit the requested electronic or mechanical gambling equipment to our headquarters, directly or through a designee, or we may administratively close our review and deny the requested rule change.

(3) Manufacturers or their designee must submit:

(a) The gambling equipment, including all relevant software, that is identical or substantially similar to what will be marketed, distributed, and deployed in Washington;

(b) A copy of detailed technical materials and diagrams associated with the equipment and software, and all of the operational procedures and manuals, including relevant hardware and software manuals; and

(c) Other technical specifications as requested by the commission.

(4) The manufacturer or its designee must install, configure, and support the equipment/software to allow us to fully evaluate its operation. Evaluation may include, but is not limited to, interoperability, communication, security, and player protection issues.

(5) We will notify the manufacturer or their designee in writing if we require additional equipment or information for our evaluation. The manufacturer or its designee must provide us with the requested equipment or information within thirty days from the date of our written request or we may administratively close our review and deny the requested rule change.

[Statutory Authority: RCW 9.46.070. WSR 18-04-001, § 230-17-192, filed 1/24/18, effective 2/24/18.]

WAC 230-17-195 Locating petition for rule-making form. Petitioners may get a "petition for rule-making form" from:

- (1) The office of financial management; or
- (2) Our administrative office during regular business hours; or
- (3) Our website at www.wsgc.wa.gov.

[Statutory Authority: RCW 9.46.070. WSR 07-21-156 (Order 615), § 230-17-195, filed 10/24/07, effective 1/1/08.]

WAC 230-17-200 Submitting a petition. (1) Petitioners must fax, email, or mail petitions for rule change to the rules coordinator at our administrative office.

(2) We consider a petition submitted when we receive it at our administrative office.

[Statutory Authority: RCW 9.46.070. WSR 07-21-156 (Order 615), § 230-17-200, filed 10/24/07, effective 1/1/08.]



Rule Petition for a New Rule

Fair and consistent treatment for establishments offering pull-tabs

JULY 2023 – Commission Review
MAY 2023 – Rule-Making Petition Received

Tab 11: JULY 2023 Commission Meeting

Statutory Authority 9.46.070

Who Proposed the Rule Change?

Cameron L. Stewart of Lacey, WA

Background

Cameron Stewart of Lacey, WA has submitted a petition for adoption of a new rule requiring establishments licensed to sell pull tabs to treat all customers with consistency and in a timely manner. The petitioner believes that he is treated with less respect and often has to wait long stretches for staff at establishments to sell him pull tabs. He thinks this treatment is unfair and that a rule should be created to ensure that customers wanting to play pull tabs are treated just as those wanting only to eat and drink. His petition includes suggestions to have a dedicated staff person managing pulltabs and/or a blinking light requiring service within five minutes.

RCW 9.46.010 states, “The public policy of the state of Washington on gambling is to keep the criminal element out of gambling and to promote the social welfare of the people by limiting the nature and scope of gambling activities and by strict regulation and control.”

Attachments:

- Petition

Policy Considerations

Staff carefully considered the issues raised by the petition, while also carefully reviewing the legislative policies and mission of the Gambling Commission, which is to:

- Protect the public by ensuring gambling is legal and honest.
 - Detect and remove the criminal element
 - Maintain a regulatory environment that promotes compliance

Staff’s concerns are that the petition raises issues that do not appear to be related to the public policies in RCW 9.46.010 of keeping the criminal element out of gambling or ensuring that gambling is legal and honest. Instead, the petition appears to deal with customer service issues, which is not a primary focus of the Gambling Act. Based on these facts, it is not clear that it is necessary for the Commission to explore rule making on this topic at this time.

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 to:

- 1) Initiate rule-making proceedings for further discussion; or

2) Deny the petition in writing, a) stating the reasons for the denial, specifically addressing the concerns stated in the petition, or b) indicating alternative means by which the agency will address the concerns raised in the petition.

McLean, Lisa (GMB)

From: no-reply@wsgc.wa.gov on behalf of Washington State Gambling Commission via Washington State Gambling Commission <no-reply@wsgc.wa.gov>
Sent: Wednesday, May 17, 2023 9:54 PM
To: Rules Coordinator (GMB)
Subject: Request a Rule Change Submission from wsgc.wa.gov

External Email

Submitted on Wednesday, May 17, 2023 - 9:07pm Submitted by anonymous user: 149.102.254.34 Submitted values are:

Petitioner's Name: Cameron L Stewart

Mailing Address: 8013 Lakeridge Dr Se

City: Lacey

State: WA

Zip Code: 98503

Phone: 3607910707

Email: cam3ronst3wart@gmail.com

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: The purpose of this rule is so that any and everyone who comes into an establishment with Pulltabs is treated with the same respect and is to be attended to as any other customer in a reasonable manner. all establishments that have Pulltabs should stay consistent with how they run Pulltabs the EXACT SAME.

The rule is needed because: The rule is needed because people who play Pulltabs are treated as the bottom of the barrel. we wait patiently for a long time then as soon as we say something they get attitudes towards us. I have had women ignore me completely and because they don't like that I play tabs sometimes won't serve me at all. I have been 86ed from the log cabin because the lady was so frustrated trying to get food orders out than she cursed us who did play tabs and when I said to her, we have been waiting for over 30 min she refused me service. it's out of control. I am not sexist. Or against anyone. but I've noticed that these WOMMEN talk to us customers so rude that I've seen fights break out. not only because as a man if you say don't talk to me like that that other men feel they are protecting the bartenders, but they are not being consistent with how they are doing the tabs when they finally do them. some places allow others to play in the same bowl as another person, as a lot of other places don't allow it. and yes, I know there are bowls that any can play. THEY ARE JUST NOT CONSISTENT. If you have so many places that have Pulltabs, how the heck are we supposed to know how each one works? it causes to many problems. It really sucks when you go out with your significant other after having dinner already at home and have to come wait 20 -30 min just to play some Pulltabs. Yet we still have drinks but sometimes WE have

other things to do as well and don't always want to stay there too long. These girls get overwhelmed because they want to work the shifts themselves and make all the money. Wyle in return we get stuck with their attitudes when we walk in and just want some drinks a play a few tabs.

The effect of this rule change will be:

The effect of this rule change should be that we treated the same and know what to expect going into any palace that has tabs. We should also be a priority just as much as food or beverages. If you want food to take priority, then think of this. A couple goes out for dinner, well they only can eat mostly one dinner and a couple of drinks with a tab of what \$50-\$70. Well, us Pulltab players eat dinner, have drinks and put \$300 plus dollars in tabs. So why should we be put on the back burner? sometimes i just come in for drinks and still play \$200- \$300 in tabs.

My suggestion is and this is only if you guys continue to put us on the back burner, every establishment should have a blinking light. All they would have to do is every 10-15 min flip a switch and they have 5 min to attend to Pulltabs. Therefore, anyone sitting at a table let's say waiting on food or anything else sees the light and knows it's on and there is 5 min that they know they are pulling Pulltabs. Of course, this will only apply to establishments that do not have a employee that only does Pulltabs. Or make every establishment that does Pulltabs hire another person at a different wage to just pull Pulltabs. Please help me change the rules. We ALL deserve EQUAL SERVICE. Thanks.

The results of this submission may be viewed at:

<https://gcc02.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwsgc.wa.gov%2Fnode%2F18%2Fsubmission%2F4042&data=05%7C01%7Crules.coordinator%40wsgc.wa.gov%7C60585f2d2f254ecf87d908db575be860%7C11d0e217264e400a8ba057dcc127d72d%7C0%7C0%7C638199824510846282%7CUnknown%7CTWFpbGZsb3d8eyJWlloiMC4wLjAwMDAiLCJQIjoiV2luMzliLCJBTiI6Iik1haWwiLCJXVCI6Mn0%3D%7C3000%7C%7C%7C&sdata=iN422J409V8sxPUCJ4OYFrBSaV0trjUYJDJ%2BIRsSEsU%3D&reserved=0>

McLean, Lisa (GMB)

From: Cameron Stewart <cam3ronst3wart@gmail.com>
Sent: Thursday, May 18, 2023 11:34 AM
To: McLean, Lisa (GMB)
Subject: Re: Your rule petition
Attachments: image001.png

External Email

He Lisa, I am aware of the 60 days within my rule petition and I am also aware that I am 64 days out. I am totally ok with you guys withholding or pushing my petition out till the 64th day. Thank you.

On Thu, May 18, 2023, 10:58 AM McLean, Lisa (GMB) <lisa.mclean@wsgc.wa.gov> wrote:

Dear Cameron –

The Commission has received your rule petition today. By law, commissioners need to consider the petition within 60 days. Unfortunately, the next Commission meeting is not until July 20 – 64 days from the date we received your petition.

Would you be alright if we postponed consideration of your rule petition until the 64th day after its receipt?

Thanks very much for your consideration,

Lisa

Lisa C McLean

Legislative and Policy Manager

Washington State Gambling Commission

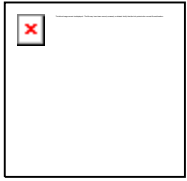
P.O. Box 42400

Olympia, WA 98504

Office: (360) 486–3454

Cell: (360) 878-1903

lisa.mclean@wsgc.wa.gov





6/29/23

Lisa McLean
Legislative and Policy Director
Washington State Gambling Commission
P.O. Box 42400
Olympia, WA 98504

Dear Lisa:

As you embark on agency legislative priorities and otherwise routinely evaluate the gambling activities under your authority, we ask that you meet with the professional sports team nonprofits offering electronic raffles to discuss lessons learned since the teams launched electronic 50/50 raffles in September 2022. We've identified a list of regulatory enhancements that will improve raffle security and oversight, improve game play and marketability, and importantly boost charitable fund dispersal across the entire state.

The first year of electronic 50/50 raffle operation was a success but also underscored significant operational challenges that hinder the short-term giving capacity and long-term viability of the activity. We believe that some of these challenges are due to revised code anachronisms and that legislators would be supportive of modernization in areas the agency is not able to make via rulemaking. We have shared lessons learned among us and looked at best practices in other states to come up with issues and recommendations that we believe will enhance charitable benefits as well as game operation and integrity through best practice technology. We look forward to discussing these with the Commission and continuing the partnership that has brought us to this point.

Issue Identification and Recommendation

- **Supporting raffle sales device internet connectivity**
 - The status quo of needing three devices to complete the transaction creates numerous issues including increased human error. Permitting internet connectivity for home games would allow for all-in-one devices that would reduce risk and improve patron experience.
- **Allowing random number generation**
 - Nearly every other jurisdiction allows random number generation (RNG) via the cloud to select the winning number because it is fairer to the buyers than hand selection, safer, faster, less expensive, and far more environmentally friendly. For example, the Kraken 50/50 raffle generated a half ton of back-end paper at Climate Pledge Arena. We

recognize the agency's prior concerns regarding RCW 9.46.240 but believe a closer look at RNG could lead to a determination of statutory compliance.

- **Paying ticket sellers**
 - Allowing vetted paid ticket sellers in addition to volunteers would improve seller knowledge of the activity's rules and operations, reliability, and professionalism.
- **Clarity regarding raffle beneficiaries**
 - Electronic 50/50 raffles are an opportunity to highlight charitable organizations and their work before thousands of fans. We'd like the administrative authority to convey to fans if a particular game's raffle features volunteers representing the beneficiary charity and that the raffle's benefits will be disbursed to designated charities.
- **Expanding early sales**
 - Our experience – confirmed by teams in other states – highlights the importance of early sales to boost interest in the raffle during the course of a game. We'd like to explore the ability to include venue property beyond the gates such as selling to fans arriving early in parking lots.
- **Review of fee structure**
 - Following our comments on the singularly massive fee increase for electronic 50/50 raffles, we seek more collaboration and insight into agency costs for starting up a raffle as well as costs for a more mature program. This is critical to the long-term viability of the game and the ability to expand to additional sports team participants should the activity grow beyond the current four teams.
- **Special prizes**
 - Sports teams in other jurisdictions with 50/50 have variations on the game that increase interest over the course of a season. For example in hockey, there are tiered prize winners (allowing 2-3 winners) and mega jackpots spanning multiple games. We would like to discuss these special prize ideas and get agency feedback.

Thank you for your consideration and review as you evaluate other agency priorities. We look forward to continued dialogue and any progress we can make to increase charitable giving via this activity in our state.

Sincerely,

Seattle Kraken

Mari Horita

Senior Vice President, Social Impact and
Government Relations

Seattle Mariners

Fred Rivera

Executive Vice President & General Counsel

Seattle Seahawks

Drew Johnston

Director, Government Affairs and Compliance

Seattle Sounders FC

Maya Mendoza-Exstrom

Chief Operating Officer



PLANNING FOR 2024 LEGISLATIVE SESSION

Protect the public by ensuring that gambling is legal and honest

Agency Request Legislation Process

- **May:** Staff meeting
- **June:** Meetings with Tribal Partners and Stakeholders
- **July:** Presentation of ideas to Commissioners
- **August:** Research and drafting bill language for Commissioners' review
- **September:** Final approval of bill language and submission of decision package(s) to Governor



Staff Suggestion

- **Amend RCW 9.46.0356** Promotional contests of chance authorized
- **Intent:** Allow contests in order to enhance sales of products and services
- **Problem:** Chance for prizes with free entry and payment for additional entries, but no sale of products or services
- Since 2021, more than 20 complaints and inquiries
- Takes up staff time and AAG costs



Example

- Fundraising
- Offering extra entries for donations
- Not offering any products or services
- Free entry available, hard to find



WIN A NEW SPORTS CAR

Someone is about to win a \$104,000 sports car and drive it off the lot toward a freedom found nowhere else. ENTER TO WIN.

300 ENTRIES / MO
\$15 / MO

800 ENTRIES / MO
\$25 / MO

12k ENTRIES / MO
\$100 / MO

This giveaway supports
LITTLE KIDS ALL OVER
(501c3)

SHOOT YOUR
SHOT HERE

DISCLAIMER LANGUAGE

Legalese is notoriously difficult for the public to understand. Key features of classic legalese include long, wordy, complicated sentence structures utilizing passive voice and obsolete formalisms, and the usage of Latin, archaic, or unnecessarily long words when simpler

[Click here for an alternative method of entry](#)



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\$25 / MO**

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\$100 / MO**

**This giveaway supports
LITTLE KIDS ALL OVER
(501c3)**

**SHOOT YOUR
SHOT HERE**

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[Click here for an alternative method of entry](#)



\$100 / MO

**SHOOT YOUR
SHOT HERE**

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[Click here for an alternative method of entry](#)



Suggested Fix

- Ensure promotional contests of chance are not “gambling” by removing ‘consideration’
- Give eligible businesses a more detailed map of what type of promotional contests of chance are allowed
 - More precisely define the scope of promotional contests as limited to for-profit business
 - Explicitly state may not accept consideration or anything else of value



Align with Governor's Priorities

- Promote Healthy and Safe Communities
 - ✓ Consumer protection
 - ✓ Looks like PCOC but really an unlicensed, unregulated activity for purpose of fundraising not to promote goods or services
- Efficient, Effective, and Accountable Government
 - ✓ Promote social welfare through strict regulation and control (RCW 9.46.010)
 - ✓ Ensure that these contests do not include consideration and therefore are not a gambling activity





Questions or Suggestions?

Lisa McLean

Legislative & Policy Manager

lisa.mclean@wsgc.wa.gov

360-486-3454

Protect the public by ensuring that gambling is legal and honest



Washington State Gambling Commission

Self-Exclusion Program
Annual Commission Report

Special Agent Supervisor Tony Hughes
Regulation Unit

Protect the public by ensuring that gambling is legal and honest

Self-Exclusion Summary

Gambling Commission Self-Exclusion Program:

- Program began on May 1, 2022
- Over 500 people enrolled into the program
- Compliance inspections occurred at all HBCR's
- In May & June 2023, Outreach occurred at all HBCR's



Outreach to All HBCR's

In May & June, I visited each HBCR in the State:

- Delivered all SE Forms in all available languages
- WSGC Website – showed each HBCR where SE material was located on the WSGC website
- Discussed Enrollment Process & Language Barrier
 - HBCR's have been able to overcome barriers
 - Staff and family members assist w/translation
 - One exception – Hindi
 - HBCR needed an additional language
 - 3-4 weeks had new form available & posted
 - Added a total of 4 languages since beginning



Outreach to All HBCR's

In May & June, I visited each HBCR in the State:

- Explain SE Program to all person's enrolling – 230-23-020
 - Exclusion applies to all HBCR's
 - Enrollment period cannot be altered or rescinded
 - Funds will be confiscated
- Feedback from SE Administrator to HBCR's
 - Complete Application
 - Provide quality photo w/enrollment form
 - Common names on the list
- Discussed the Impact of SE Program to HBCR's
 - See Measurables



Outreach to All HBCR's

In May & June, I visited each HBCR in the State:

- Overall, the feedback from the HBCR's on how the program was introduced and operating was positive
- Although the list grew faster than anticipated the system has been user friendly
- Gambling Commission Staff has been responsive to requests and has made the transition into a new program easier



Self-Exclusion Annual Measurables

May 1, 2022, through June 30, 2023:

- How Many Participants? **571**
- Total Number of Participants for Each Time Period:
 - One Year **186**
 - Three Years **95**
 - Five Years **60**
 - Ten Years **230**



Self-Exclusion Annual Measurables

May 1, 2022, through June 30, 2023:

- How many participants are eligible to come off the list in the upcoming year?
 - **31** participants have been eligible to come off the list.
 - **101** more participants will be eligible to come off the list before the end of the year.



Self-Exclusion Annual Measurables

May 1, 2022 through June 30, 2023:

- How many participants chose to remove themselves after their time period expired?
 - **7** participants have removed themselves from the list.
- How many participants remain on the list after the time period they selected has expired?
 - **24** participants have remained on the list.



Self-Exclusion Annual Measurables

May 1, 2022 through June 30, 2023:

- How many participants attempted to enter HBCR's or were caught at HBCR's? **123 incidents**
- Examples how excluded persons were caught:
 - At the door by security officers using scanners
 - At the bar or restaurant
 - Gambling at table games
 - Attempting to get paid on jackpot prizes
 - Attempting to get cash advances at the cage



Self-Exclusion Annual Measurables

May 1, 2022 through June 30, 2023:

- How many times were funds confiscated? **49 incidents**
 - Total funds sent to the HCA: **\$44,301.50**
 - Generally, funds have been confiscated at the cage when participants attempt to cash out



Self-Exclusion Annual Measurables

May 1, 2022 through June 30, 2023:

- Regulatory Compliance Inspections – 1st Quarter 2023:
 - Inspection verifies compliance with Training, Enrolling persons, Monitoring/Preventing participants, and Confidentiality
 - Agents work with HBCR's to gain compliance
 - Annual Compliance Inspections will be a part of the on-going compliance program



Self-Exclusion Annual Measurables

May 1, 2022 through June 30, 2023:

- Overall, the HBCR's have done well with this new program
- Examples of items noted from compliance inspections but not widespread:
 - SE List not updated w/HBCR staff w/in 48 hours
 - HCA Rack card not available
 - IC Violations – Not all required staff had access to list
 - Training – not all new hires trained w/3 days & some staff had limited knowledge of program
 - Player tracking system – failed to zero out points
 - Confiscated funds – failed to retain information for one year



Self-Exclusion Annual Measurables

May 1, 2022 through June 30, 2023:

- Number of Enrollment Forms denied or incomplete: **14**
 - Examples of why a form has been denied or incomplete:
 - Form was not notarized
 - Participant failed to complete or sign the form
 - HBCR did not fully complete
 - Photo provided was poor quality
 - SE Administrator works with person to complete the form



Self-Exclusion Annual Measurables

May 1, 2022 through June 30, 2023:

- How many participants have attempted to remove themselves from the program: **6**
- Reasons:
 - Didn't understand what they were signing up for:
 - Participant believed the exclusion only applied to the HBCR where they enrolled.
 - Language barrier
 - Don't want to be on the list anymore



Self-Exclusion Annual Measurables

May 1, 2022 through June 30, 2023:

- How participants enrolled into the Program:
 - Enrolled at HBCR's: **489 (86%)**
 - Mailed Enrollment Form w/notary: **54 (9%)**
 - Enrolled at WSGC Lacey Office: **25 (4%)**
 - Mailed Enrollment Form w/PG Counselor signature: **3 (1%)**



Self-Exclusion Annual Measurables

May 1, 2022 through June 30, 2023:

- Online Enrollment Update – Not available yet:
 - Once IT Modernization occurs then w/in 6 months
- Tribal Participation – no changes at this time



HBCR's Feedback

HBCR's feedback about the Self-Exclusion Program:

- Monetary Loss to the HBCR's (I-5 corridor HBCR's)
 - Excluded persons are still gambling at Tribal Casinos
 - HBCR w/multiple locations laid off employees and believed self-exclusion played a role
- Emotional decision to self-exclude then regret decision
 - "Cooling Off" period recommended
- Easy to join the program but difficult to get removed



HBCR's Feedback

HBCR's feedback about the Self-Exclusion Program:

- Self-exclusion includes all services and/or amenities at the location.
 - Some gaming facilities in smaller communities offer multiple amenities.
 - Bowling
 - Amusement Center
 - Restaurant/Bar
- Self-exclusion should only apply to the cardroom/gaming floor





Washington State Gambling Commission

Questions?

Protect the public by ensuring that gambling is legal and honest