



Staff Proposed Rulemaking

New Rules

WAC Chapter 230-15

Amend

WAC 230-15-050 Minimum cash on hand requirements.

MARCH 2024 – Initiate Rulemaking

Tab X: MARCH 2024 Commission Meeting Agenda.

Statutory Authority 9.46.070

Who Proposed the Rule Change?

Washington State Gambling Commission Staff

Background

At the November 2023 Commission meeting, Commissioners asked staff to work with stakeholders to determine if rulemaking could address recent stakeholder concerns regarding the minimum cash on hand requirements for house-banked card rooms.

Currently, our rules require house-banked card game licensees to have sufficient cash on hand to redeem all chips issued for play and pay out all prizes. Failure to keep funds to cash in chips, pay prizes, or redeem gambling related checks is prima facie evidence of fraud (WAC 230-15-050).

To ensure that house-banked card game licensees have sufficient cash on hand to redeem all chips for play and pay out all prizes, we require, by rule, house-banked card rooms to have a minimum amount of cash on hand based on a formula:

- At least \$1,000 for each house-banked table on the gambling floor, plus
- The amount of the largest single prize available, excluding progressive, player-supported, and house jackpot prizes.

Staff has found that the formula to calculate “*sufficient cash on hand to redeem all chips issued for play and pay out all prizes*” may not be adequate for all house-banked card game licensees. Rulemaking is needed to address staff’s concerns as follows:

- Some house-banked card rooms have had difficulty cashing out players’ chips at the cashier’s cage even though they met our minimum cash on hand requirements. These were cases where a player did not win a large prize, but were rather cashing out a large amount of chips from winning multiple smaller hands.
- It is rare for players to win large prizes in the tens of thousands of dollars at house-banked card rooms. Rather, general day to day operations in house-banked card rooms involves multiple players purchasing chips at tables and then redeeming chips at the cashier’s cage. Card rooms generally maintain cash in the cashier’s cage based on the volume of gambling in their facility, not based on the potential for someone to win a rare large prize.
- Consistency with other states. Other states minimum cash on hand requirements are based on volume of gambling, rather than a single large prize that may or may not be won. For example, the Nevada Gaming Control Board’s calculation for minimum cash on hand is a per table requirement plus 1% of gross gaming revenue (volume) from the last fiscal year. The National Indian Gaming Commission has the same calculation as Nevada for minimum cash on hand.
- In 2023, wager limits were increased from \$300 to \$400. Players are now able to buy more chips for play, and in turn, card rooms may have to redeem more chips at the cashier’s cage. The minimum cash on hand formula should address this potential greater influx of gaming.
- The “*largest single prize*” offered by almost every card room in the state is an odds-based prize that has an aggregate payout limit attached to it according to WAC 230-15-490. For example, a

card room that offers a game that has 8000-1 odds and \$400 wagering limits can limit the prize to \$20,000 according to WAC 230-15-490. The \$20,000 aggregated prize becomes the “largest single prize” according to the formula in WAC 230-15-050. This was the same “largest single prize” amount in 2008 when the wagering limits were only \$200.

Staff has also found that rules only allow house-banked card game licensees to write checks for progressive jackpots, player supported jackpots, and house jackpots. Current rules do not specifically authorize checks to be written for large odds-based and fixed-based prizes (e.g. the prizes in Masque’s card game).

New rules to authorize house-banked card game licensees to write checks for odds-based and fixed-based prizes, under certain conditions, will give operators more flexibility in how it pays prizes. New rules related to this will also give players the ability to request checks and possibly feel more comfortable. Some house-banked card rooms have reported players being robbed at their car after a cash out in the card room. To address some of the concerns noted above, staff will need to amend WAC 230-15-050 in a way where some house-banked card rooms may need to maintain more cash on hand than previously required. However, most card rooms in the state are already keeping more cash on hand than required by WAC 230-15-050 because of the volume in their facility rather than a possible large prize that may be won.

Furthermore, if checks are authorized to pay large odds-based or fixed-based prizes, some card rooms will also possibly be required to maintain less cash on hand because their volume is low. Allowing players to request checks may provide peace of mind and more security.

Attachments:

- WAC 230-15-050

Policy Considerations

To address some of the concerns noted above, staff will need to amend WAC 230-15-050 in a way where some house-banked card rooms may need to maintain more cash on hand than previously required. However, most card rooms in the state are already keeping more cash on hand than required by WAC 230-15-050 because of the volume in their facility rather than a possible large prize that may be won.

- Furthermore, if checks are authorized to pay large odds-based or fixed-based prizes, some card rooms will also possibly be required to maintain less cash on hand because their volume is low.

Staff Recommendation

Staff recommends initiating rulemaking to amend WAC 230-15-050 and create new rules related to how prizes can be paid.

WAC 230-15-050 Minimum cash on hand requirements. (1) Card game licensees must have sufficient cash on hand to redeem all chips issued for play and pay out all prizes.

(2) Within three hours of opening for the business day, at a time included in the internal controls, house-banked card game licensees must have at least the following minimum amount of cash on premises in their cage, safe, and vault combined:

(a) One thousand dollars for each house-banked table on the gambling floor; plus

(b) The amount of the largest single prize available excluding progressive jackpot, player-supported jackpot, and house jackpot prizes.

For example: If a house-banked card room has 15 house-banked tables and a largest single prize of \$23,000, before opening, the cage must have at least \$38,000 on hand: 15 tables x \$1,000 = \$15,000 + largest single prize of \$23,000 = \$38,000.

(3) Except for the restrictions on player-supported jackpot pay outs in WAC 230-15-405 and progressive jackpot pay outs in WAC 230-15-690, licensees may pay prizes by check if sufficient funds are available on deposit.

(4) Failure to keep funds to cash in chips, pay prizes, or redeem gambling related checks is prima facie evidence of fraud. Meeting the minimum cage cash amount does not relieve the licensee from the requirement to have sufficient funds available to redeem all chips and pay out all prizes.

[Statutory Authority: RCW 9.46.070. WSR 22-01-182, § 230-15-050, filed 12/20/21, effective 1/20/22; WSR 09-03-024 (Order 640), § 230-15-050, filed 1/9/09, effective 2/9/09; WSR 07-23-081 (Order 620), § 230-15-050, filed 11/20/07, effective 1/1/08; WSR 07-09-033 (Order 608), § 230-15-050, filed 4/10/07, effective 1/1/08.]