



**WASHINGTON STATE  
GAMBLING COMMISSION PUBLIC  
MEETING - May 2018**

Special Meeting  
Gambling Commission Headquarters  
Nisqually Room on the 2nd floor.  
10:00 am – 11:00 am



STATE OF WASHINGTON  
GAMBLING COMMISSION

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

**Special Meeting**  
**4565 7<sup>th</sup> Avenue SE, 2<sup>nd</sup> Floor Nisqually Conference Room**  
**Lacey, WA 98503**

<b>May 10, 2018</b> <b>Public Meeting</b> <b>Call in information</b> <b>360-407-3780 PIN code 206525#</b>	
<b>10:00 AM</b>	<b>Welcome and Introductions</b> <span style="float: right;"><i>Bud Sizemore, Chair</i></span> <b>Commissioners will be participating by phone.</b>
<b>ADMINISTRATIVE PROCEDURE ACT PROCEEDINGS</b>	
<b>RULES UP FOR FINAL ACTION</b>	
<b>Tab 1</b>	<b>Petition for Pre-Shuffled Cards</b> <span style="float: right;"><i>Brian Considine, Legal and Legislative Manager</i></span> <b>Action</b> <ul style="list-style-type: none"><li>• WAC 230-15-115 Standards for cards</li><li>• WAC 230-06-053 Approval to provide pre-shuffled cards; and</li><li>• WAC 230-16-158 Pre-shuffled cards</li></ul>
<b>Tab 2</b>	<b>Staff Request for Rule Changes/Fee Simplification (Package #5)</b> <span style="float: right;"><b>Action</b></span> <span style="float: right;"><i>Brian Considine, Legal and Legislative Manager</i></span> <ul style="list-style-type: none"><li>• WAC 230-05-125 Recording gross gambling receipts and maximum license fee.</li><li>• WAC 230-05-170 Fees for other businesses. Amended</li></ul>
	<b>Public Comments</b>
	<b>Meeting Adjourn</b>

*Upon advance request, the Commission will pursue reasonable accommodations to enable persons with disabilities to attend Commission meetings. Questions or comments pertaining to the agenda and requests for special accommodations should be directed to Julie Anderson, Executive Assistant at (360) 486-3453 or TDD (360) 486-3637. Questions or comments pertaining to rule changes should be directed to the Rules Coordinator (360) 486-3447.*

## Rule Changes / Pre-shuffled Cards



Amend: WAC 230-15-115 Standards for cards  
 New Rule: WAC 230-06-053 Approval to provide pre-shuffled cards; and  
 WAC 230-16-158 Pre-shuffled cards

**May 2018 – Final Action**

**April 2018 – Further Discussion**

**March 2018 – Up for Discussion and Possible Filing**

**May 2017 – Petition to Initiate Rule-Making**

Tab 1: MAY 2018 Commission Meeting Agenda.	Statutory Authority 9.46.070
<b>Who Proposed the Rule Change?</b>	
John McNutt, Fortune Casino, a 12 table house-banked card room in Tukwila.	
<b>Background</b>	
<p>Mr. McNutt requested a rule change to allow for pre-shuffled cards to be used in the card game mini-baccarat. Staff requested additional rule changes to ensure the integrity of the pre-shuffled card manufacturing process. Staff reviewed pre-shuffled card regulations from 16 U.S. or Canadian jurisdictions and worked with stakeholders since May 2017, including:</p> <ul style="list-style-type: none"> <li>• June 8, 2017: Notice of Rule Making sent to HBCR and Manufacturer licensees;</li> <li>• July 12, 2017: Stakeholder Meeting at Lacey office with call-in feature. Nineteen people participated in the meeting and card manufacturers agreed to submit information to facilitate writing rules and internal controls;</li> <li>• Oct 2017-January 2018: Completed fee simplification rules;</li> <li>• Jan. 29, 2018: Email sent to stakeholder workgroup with draft rules and internal controls; and</li> <li>• Feb 8, 2018: Stakeholder meeting at Lacey office with call-in feature. Nine people participated in the meeting and all agreed with staff proposed rule changes.</li> </ul>	
<b>Proposed Rule Change</b>	
<p>Staff and stakeholders have agreed upon the following amended and new rules:</p> <ul style="list-style-type: none"> <li>• Approval of pre-shuffled cards to be used in mini-baccarat only;</li> <li>• New approval process for pre-shuffled card manufacturers only; and</li> <li>• New process for the manufacturing of pre-shuffled cards, including approval of shuffling device used to pre-shuffle cards; inspection and verification methods; and quality control standards.</li> </ul> <p>Attachment:</p> <ul style="list-style-type: none"> <li>• June 8, 2017 Notice of rule-making sent to all licensed manufacturers and house-banked card rooms.</li> </ul>	
<b>Staff Recommendation</b>	
Final action.	
<b>Effective Date</b>	
Staff Recommends an effective date of July 1, 2018.	

NEW SECTION

**WAC 230-06-053 Approval to provide preshuffled cards.** (1) Licensed manufacturers must obtain approval by the director or director's designee prior to selling preshuffled cards in Washington.

(2) Manufacturers must ensure quality control of the preshuffled cards to protect players or licensees. To obtain approval, manufacturers must submit in writing to us the following for our review:

- (a) An overview of the product;
- (b) Site security provided at the facility;
- (c) Procedures utilized to ensure the preshuffled process;
- (d) Procedures utilized to ensure randomness;
- (e) Procedures to detect irregularities;
- (f) A deposit to cover the cost of our review, which may include an on-site review to verify the above; and
- (g) Identify the automated shuffling device used to preshuffle cards.

(3) Manufacturers must comply with all rules regarding preshuffled cards.

(4) If you do not agree with the director or director's designee's decision, you may file a petition for declaratory order with the commission according to RCW 34.05.240 and chapter 230-17 WAC.

NEW SECTION

**WAC 230-16-158 Preshuffled cards.** Manufacturers of preshuffled cards must:

(1) Obtain approval from the director or director's designee for the automated shuffling device used to preshuffle cards; and

(2) Implement a process for producing, shuffling, and packaging preshuffled cards which will, at a minimum, include:

(a) Visual inspection of the back of each card to assure that it is not flawed, scratched or marked in any way that might compromise the integrity or fairness of the game;

(b) Verification that each package of cards contains the correct number of suits and is constituted in accordance with the specific rules of the game the cards are intended for use;

(c) Inserting the cards in a package with a tamper-proof package seal(s) that bears the conspicuous indication if the package has been opened. The exterior of the package will indicate:

(i) The total number of decks contained within the package; and

(ii) The game(s) the cards are intended for use; and

(iii) The color of the preshuffled cards.

(d) Generation of a receipt to be inserted in the sealed package or a label on the sealed package, which shall include the following information:

(i) The total number of cards and decks contained within the package. If using an exterior label, this information will suffice for (c)(i) of this subsection;

(ii) The date and time the preshuffled cards were shuffled, packaged, and verified;

(iii) Identification of the manufacturer's employee who shuffled, packaged, and verified the cards; and

(iv) The manufacturer, model and serial number of the production line or device used to shuffle the cards.

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

**WAC 230-15-115 Standards for cards.** (1) Card game licensees must:

(a) Supply cards of conventional size and design to maximize the integrity of the card games; and

(b) Safeguard all cards; and

(c) Not allow cards that have been modified or marked in any manner.

(2) For Class F, house-banked, and nonhouse-banked card game licensees that play poker or other games approved by the director or the director's designee and collect a fee to play, the cards must:

(a) Be made by a licensed manufacturer; and

(b) Be purchased from a licensed manufacturer or distributor.

(3) Cards with the house name or logo must be used for house-banked card games.

(4) Preshuffled cards, as approved by the director or the director's designee, can be used for mini-baccarat and approved proprietary variations of mini-baccarat in accordance with approved internal controls.



STATE OF WASHINGTON  
GAMBLING COMMISSION

P.O. Box 42400 • Olympia, Washington 98504-2400 • (360) 486-3440 • TDD (360) 486-3637 • FAX (360) 486-3627

June 8, 2017

Dear House-Banked Card Room and Manufacturer Licensees:

**NOTICE OF RULE MAKING**

We have received a rules petition to allow pre-shuffled cards from a licensed manufacturer to be used for Baccarat.

On May 12, 2017, the Commissioners voted to initiate rulemaking with the understanding that staff would work with the petitioner and stakeholders to develop the:

- Rule(s) needed to allow pre-shuffled cards to be used for playing Baccarat;
- Rule(s) outlining the quality control standards card manufacturers would need to follow;
- Process staff would take to verify the integrity of the manufacturing process of pre-shuffled cards, which would include such things as documenting the manufacturer's procedures to ensure pre-shuffled decks are complete, free of markings, and are in a random order; and
- Internal controls a house-banked card room would be required to have prior to using pre-shuffled cards.

Our next step is to meet with stakeholders to discuss and then develop the above items. Our first meeting will be at 9:00 a.m. on July 12, 2017, at the Washington State Gambling Commission at 4565 7<sup>th</sup> Ave SE, Lacey, WA 98503. To participate by phone, please call 360-407-3780, and dial 830479#.

Once we have draft rules, we will present them to the Commissioners to be filed for further discussion and begin the rulemaking process. You can follow the rules process each month by reviewing the Complete Commission Packets that are posted a week prior to the monthly meeting under the Public Meetings section of our website, [www.wsgc.wa.gov](http://www.wsgc.wa.gov). You can also provide feedback on the rules and this petition by calling me, sending me a letter or email, or by providing public comment to the Commissioners at a commission meeting.

If you have any questions about this petition or the process, please feel free to contact me at 360-486-3546 or at [Tina.Griffin@wsgc.wa.gov](mailto:Tina.Griffin@wsgc.wa.gov).

Sincerely,

Tina Griffin  
Assistant Director  
Licensing, Regulation and Enforcement





**Rule Changes / Fee Simplification (Package #5)**

New Rule: WAC 230-05-125 Report gross gambling receipts on the quarterly license report.

Amend: WAC 230-05-170 Fees for other businesses.

**May 2018 – Final Action**

**April 2018 – Further Discussion**

**March 2018 – Discussion and Possible Filing**

Tab 2: MAY 2018 Commission Meeting Agenda.	Statutory Authority 9.46.070
Who Proposed the Rule Change?	
Staff	
Proposed Rule Change	
<p>This is the fifth rules package staff will bring forward to make changes to the Commission’s licensing fee structure. The fifth rules package covers the following:</p> <ul style="list-style-type: none"> <li>• Licensees must report their gross gambling receipts on their quarterly license reports and submit a quarterly license report for each quarter they hold a license even if they have paid their annual maximum license fee.</li> <li>• Add a fee for Linked Bingo Prize Providers – oversight by not originally including it in the fee schedule in package #1.</li> </ul>	
Policy Considerations	
<p>These two changes provide clarification and technical changes to the simplified fee schedule rules. In general, changes to the Commission’s fee structure were made to reduce the approximately 194 different fees for Commercial and Non-Profit organizations and individuals into a simplified structure that would be easier and more predictable for both the agency and its licensees.</p>	
Staff Recommendation	
Final action.	
Effective Date	
Effective 31 days from filing.	

NEW SECTION

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

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

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

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

(c) Have no gross gambling receipts to report;

(d) Close your business;

(e) Surrender your license;

(f) Do not renew your license; or

(g) Your license is revoked or suspended.

NEW SECTION

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

(1) Annual licenses or permits:

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

(2) Events or permits:

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

(3) Change fees:

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

(4) Other fees:

Transaction	Fee
Add a new amusement game location	\$65
Defective punch board/pull-tab cost recovery fees	Up to \$100
Duplicate license	\$50
Pre- and post-licensing investigations	Cost reimbursement

Transaction	Fee
Review, inspection, and/or evaluation of gambling equipment, supplies, services, games, schemes, or group 12 amusement games	Deposit and cost reimbursement