



STATE OF WASHINGTON  
GAMBLING COMMISSION

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

**November Gambling Commission Meeting Minutes**

Hampton Inn & Suites 4301 Martin Way E.  
Olympia, WA 98516

**Public Meeting  
November 16, 2017**

**Commissioners Present:**

Bud Sizemore, Chair  
Julia Patterson, Vice Chair  
Chris Stearns  
Ed Troyer

**Ex Officios Present:**

Senator Steve Conway

**Staff Present:**

Amy Hunter, Deputy Director; Tina Griffin, Assistant Director; John Meader, Assistant Attorney General; Brian Considine, Legal and Legislative Manager; Julie Lies, Tribal Liaison; Heather Songer, Public Information Officer; Julie Anderson, Executive Assistant.

**Executive Session Call to Order**

Chair Sizemore called the November Gambling Commission Meeting to order at 11:10 a.m. and immediately went into Executive Session to discuss Tribal Negotiations, Pending Investigations and Litigation.

**Public Session Call to Order**

Chair Sizemore called the Gambling Commission to order at 12:35 p.m. and welcomed everyone to the Hampton Inn & Suites and introductions were made. Chair Sizemore announced that Commissioner Troyer was running late. He mentioned Deputy Director Amy Hunter would be sitting in for Director Trujillo as he had a family emergency and would not be able to attend the meeting.

There were 35 people in attendance.

**Tab 1**

**Consent Agenda:**

**October Commission Meeting Minutes/ New Licensees**

*Commissioner Patterson moved to approve the Consent Agenda as presented.*

*Commissioner Stearns seconded the motion.*

*The motion passed. 3:0*

*Commissioner Troyer was not present for the vote.*

**\*\* Snoqualmie Class III Gaming Employees Certifications (was voted on later in the meeting when Commissioner Troyer joined the meeting)**

## **Defaults**

Staff Attorney, Haylee Mills presented the following materials.

*Commissioner Patterson moved to revoke the Card Room License for Charles Dangerfield.*

*Commissioner Stearns seconded the Motion.*

*The Motion passed. 3:0*

*Commissioner Troyer was not present for the vote.*

*Commissioner Stearns moved to revoke the Class III Certification for Dezaray J. Pacheco.*

*Commissioner Patterson Seconded the Motion.*

*The Motion passed. 3:0*

*Commissioner Troyer was not present for the vote.*

Commissioner Patterson inquired on the status of the other two licensees involved in the case with Dezaray J. Pacheco. Ms. Mills agreed to get back to the Commissioners with an update on the individuals and their case.

## **Tab 4**

### **Presentation- Special Olympics of Washington**

Assistant Director Tina Griffin and Special Agent Kevin Maxwell presented the materials for Tab 4. Special Agent Kevin Maxwell explained that he and Special Agent Ed Ward (not present at the meeting) conducted a complete program review of the Special Olympics in Washington.

Special Olympics Washington's conducted 136 competitions throughout the state involving 17,843 athletes in 2016. They also conducted 16, 8-week sessions of sporting events for approximately 587 young athletes between 2 to 7 years of age and in their class. They also held 74 unified sporting events where individuals with intellectual disabilities participated in sporting events with individuals that did not have intellectual disabilities on the same team. These events help to promote social inclusion. The review verified that Special Olympics Washington is a bona fide nonprofit organization functioning in accordance with their bylaws, program services exist and are supported, and that their gambling proceeds are helping them to make significant progress towards their stated purpose.

**Public Comment:** There was no public comment.

*Commissioner Stearns moved to approve the continued licensure of Special Olympics Washington as presented and recommended by staff.*

*Commissioner Patterson seconded the Motion.*

*The Motion passed. 3:0*

*Commissioner Troyer was not present for the vote.*

Special Olympics Washington Vice President of Communications, Dan Wartelle and Chief Financial Officer, Maryl Newman presented to the Commission on the Special Olympics Dream House Raffle. Based on the on-site review, staff recommends the continued licensure for Special Olympics Washington.

Assistant Director Griffin presented the results of the 2017 Special Olympics Washington enhanced raffle in western Washington. The 2017 raffle concluded on May 12th, 2017. It was the 5th enhanced raffle held by Special Olympics. The organization sold 23,766 raffle tickets and sales were about 3.3 million. Tina explained that with each enhanced raffle, Gambling Commission staff does an inspection and verifies the records. Staff found that all records were verified for accuracy and compliance with the rules.

Commissioner Stearns added that he appreciated the presentation each year and what the Special Olympics Washington does is a wonderful thing and thanked their staff for their hard work. Chair Sizemore added that it is an amazing program.

Senator Conway inquired on how many states use this type of raffle as a mechanism for funding. Mr. Wartelle explained that he learned about the raffle from California. But, he said there is no other state that uses the house raffle as a catalyst to raise funds for Special Olympics. House raffles are used for other charitable/nonprofit organizations though.

***Commissioner Patterson moved to approve the 2018 Western Washington Enhanced Raffle as presented by the staff.***

***Commissioner Stearns seconded the Motion.***

***The Motion passed. 3:0***

***Commissioner Troyer was not present for the vote.***

#### **Tab 6**

##### **Staff Request for Rule Changes/Fee Simplification (Package #3)**

Assistant Director Tina Griffin presented the materials for Tab 6. This rules package is the third of four rules packages staff will present to the Commission regarding Fee Simplification. The third package sets out the individual license fees under the new fee structure. The Gambling Commission sent a notice to all of our organizations that have licensed individuals and also sent out a notice to all of the individual licensees to date. Staff did receive one comment that was not in support of the fee change. Staff is recommending filing for further discussion.

Commission Patterson asked for a side by side comparison of what fees currently are and what changes staff proposes before the next meeting.

***Commissioner Patterson moved to file the Rules Changes/Fee Simplification Package #3 as presented by staff with an effective date of May 1, 2018.***

***Commissioner Stearns seconded the Motion.***

***The Motion passed. 3:0***

***Commissioner Troyer was not present for the vote.***

#### **Tab 10**

##### **Petition for Rule Change – Ducks Unlimited**

Assistant Director Tina Griffin presented the materials for Tab 10. This petition for rule change was submitted by Scott Eisenhauer, the state chairman for Ducks Unlimited Washington. They're seeking to have the assigned value for raffle tickets be up to \$100 when included in a multi-component package. This would allow the nonprofit entity to offset the cost of the raffle price. Small business economic impact statement was not needed because we found it did not impose additional cost to the industry. This rule was up for final action with an effective date 31 days from filing. There were no questions from the Commissioners.

**Public Comment:** There was no public comment.

*Commissioner Patterson moved to file the WAC 230-11-087 as presented by staff with an effective date of 31 days from filing.*

*Commissioner Stearns seconded the Motion.*

*Commissioner Troyer was present for the vote.*

*The Motion passed. 4:0*

**\*\*Tab 1**

**Class III Employees/Snoqualmie (Action)**

*Commissioner Patterson moved to approve the Snoqualmie Class III Gaming Employees Certifications as presented in the consent agenda.*

*Commissioner Troyer seconded the motion.*

*The motion passed. 3:0*

*Commissioner Stearns abstained.*

**Tab 7**

**Staff Request for Rule Changes/Fee Simplification (Package #1)**

Assistant Director Tina Griffin presented the materials for Tab 7. At the November meeting, Package #1 was up for further discussion with final action in January. Tina explained this package contains changes for implementing and establishing the fee structure in chapter 230-05, and then makes changes to WAC230-03 to define what license fees and license types were in the old fee structure. Also, it establishes the penalties for late filing of quarterly license reports. The Gambling Commission moved some of the information from chapter 230-06 into 230-05. In October, the commission voted on minor changes to four rules in this package.

She explained that notices were sent out to all organizational licensees. The commission received eight comments, six were opposed, and two were neutral. All information regarding Fee/Simplification can be found on our website.

**Public Comment:** There was no public comment.

**Tab 8**

**Staff Request for Rule Changes/Fee Simplification (Package #2)**

Assistant Director Tina Griffin presented the materials for Tab 8. The Rule Changes/Fee Simplification Package #2 was up for further discussion in November and final action in January. Staff is asking for action to be taken on a couple rules in regards to this package. This is the second package out of four that the Gambling Commission anticipates with the fee restructure. Package #2 deals with a number of rules, mainly removing the word “class” and then instead of using the word “class” or “license class,” we now focus on the gross gambling receipts level of the licensee. This rules package also establishes new due dates for quarterly activity reports. It requires licensees to submit quarterly activity reports until they move into the new fee structure and then for the last quarter that they operated under the old fee structure, licensees will

need to submit a quarterly activity report. Also, service suppliers will need to submit quarterly activity reports beginning with the third quarter of 2018. Lastly, it adds a process that we will use if a licensee doesn't submit to their quarterly license report or doesn't pay their quarterly licensing fees. Staff is requesting an effective date of July 1<sup>st</sup>, 2018.

*Commissioner Patterson moved to file the Alternative rules, as presented by staff with an effective date of July 1<sup>st</sup>, 2018.*

*Commissioner Stearns seconded the motion.*

*The motion passed. 4:0*

## **Tab 9**

### **Staff Request for New Rule**

Assistant Director Tina Griffin presented the materials for Tab 9. Staff is requesting a new rule to require a manufacturer or its designee to submit electronic or mechanical gambling equipment for evaluation during rule-making. A Small Business Economic Impact Statement was prepared. The Gambling Commission sent notice of rulemaking to all of the licensed manufacturers on October 27th. This rule was up for further discussion. Victor Mena testified at the September Commission Meeting with concerns, and then testified at the October Commission Meeting that he no longer had concerns in regards to this request by staff. This rule is up for final action in January.

**Public Comment:** There was no public comment.

**Chair Sizemore left the commission meeting before the G2E Presentation.**

## **Tab 3**

### **Presentation -2017 G2E Update**

Agent in Charge Jennifer LaMont and Lab Administrator Melissa Velencia presented the materials for Tab 3. Both Melissa and Jennifer attended G2E 2017.

Commissioner Patterson inquired on Nevada state self-exclusion policy or their blacklist policy. Senator Conway commented on attending G2E as well. He said that in his opinion Washington State is ahead of most states on problem gambling.

Commissioner Stearns thanked the administration staff for keeping everyone updated on the shooting at the Mandalay Bay Hotel in Las Vegas in October during G2E. Also, he thanked Commissioner Troyer for all his help during the aftermath of the shooting.

Commissioner Troyer said the Las Vegas shooting was tragic. He updated the Commissioners on the G2E conference and mentioned what you see in Las Vegas isn't what you see in Washington as far as games and technology are concerned. The types of games you see in Las Vegas gravitate towards the younger crowds, with better technology and graphics.

## **Tab 2**

### **Presentation – Legal and Records Unit Update**

Legal and Legislative Manager Brian Considine presented the materials for Tab 2. Brian gave a brief overview of the accomplishments in the Legal and Records units and announced that there are three vacant positions, Rules Coordinator, Records Officer and a Research Analyst. Brian is

hopeful to fill these positions in early 2018. The Commissioners didn't have any further questions for Brian.

## **Tab 1**

### **2018 Legislative Update**

Legal and Legislative Manager Brian Considine presented the materials for Tab 1. Brian spoke about the 2018 legislative session and that it is slated to be a short 60 day session starting January 8<sup>th</sup> and ending March 8<sup>th</sup>. After the recent election the Democrats now control the Senate. The committee that has been Commerce, Labor, and Sports, will be renamed Labor and Commerce. He announced Senator Karen Kaiser will chair the committee and Senator Bob Hasegawa will be vice chair.

The Gambling Commission does not have any agency request legislation for 2018. However, Commissioners and Representative Sawyer are interested in having a problem gambling work session in 2018 and Representative Sawyer is working on a self-exclusion bill to provide the Gambling Commission with authority to create a self-exclusion program. Commission Patterson asked staff to work with Representative Sawyer, Senator Keiser, Senator Conway, and other interested legislators to coordinate a joint Senate and House committee work session on problem gaming or at least have an opportunity for a work session in each chamber. Staff will coordinate with Commissioners Patterson and Stearns for any problem gambling legislation and/or work sessions.

### **Other Business/General Discussion/Public Comment**

**Victor Mena**, Chief Operating Officer for Washington Gold Casinos and President of the Recreational Gaming Association gave public testimony. He said the Recreational Gaming Association is very supportive of problem gaming issues, and initiatives that can help customers and guests. Members of Recreational Gaming feel very strongly that protecting the public is a very good business practice. He asked about a comment made in the discussion regarding needing a RCW to be able to move forward to impose additional safeguards and that in doing so, the card room industry would be primarily impacted by those changes. He said the card room industry is about 240 to 250 million dollars annually in commercial gaming dollars. We're looking at another \$3 billion in total gaming in the State of Washington and outside of the card room industry with lottery, horse racing, tribal gaming, pull-tabs, and nonprofits. So something that's going to be sweeping to really control the problem needs to be addressed as a whole, not to be addressed as a singular entity. That's the concern. Card rooms are somewhere in the neighborhood of about 8% of total gaming in the State of Washington. That number is very close to the actual reality of what the general public plays as far as gaming entertainment. The card room industry has only a niche market of somewhere in the ballpark of 7%. He said that when looking at what the public wants play, the public wants to play electronic games, 65% of the public plays electronic games. If we want to take a look at this impact, we need to look at the whole picture not just the card room industry.

**Josh Herschlip** owner and operator of LJ's Bistro and Bar and Vice President of Recreational Gaming Association. Also, he was the general manager of Ace's Casino in Arlington, Washington, until its closure on January 1st, 2013. Mr. Herschlip said over the last 10 years of being involved in casino operations, and 20 years of being in the restaurant and bar business, he

has observed and learned a lot. He attends the Washington State Gambling Commission Meetings on a regular basis. He attends the meetings to keep informed of the changes in the industry to protect his family business.

Mr. Herschlip has respect for the members of the Commission and he believes that they are intelligent, fair, and a reasonable group of people who take their positions seriously. He also believes that they understand many of the upcoming and previous challenges our businesses have or will face. He asked the Commission to look at all angles of the businesses so that together we could save the industry or at least offset the rising costs. He mentioned that there has been significant increase to the operating costs in running a business. Healthcare, minimum wage, sick leave, as well as increases to the non-minimum wage employees. He supports these things in some facet or another. He asked the Commission to look at recommendations of modernization of pull-tabs.

Mr. Herschlip mentioned that if the average citizen was asked if gambling has expanded in the last 10 years, he believes that it would be a resounding yes. He went on to explain that although the casino operations in our state have fallen from 100 establishments to under 50. He stated that the industry needs to have positive changes otherwise it will be a nonexistent industry in a few short years, modernization of pull-tabs is a logical next step for many reasons. The tracking could be simplified for agents and struggling operators. Leaving bowls of money around establishments obviously creates and/or provides opportunity for people to be dishonest. The amount of storage space, wasted time counting tickets, marking flares, and being able to staff appropriately for selling pull-tabs is difficult. He also stated that the busiest bars and restaurants sell the least amount of pull-tabs because they must first serve food and drinks. Although, modernization doesn't eliminate the staff interaction, it greatly reduces it while providing our customers a readily available option when they would like it. It by no means is an expansion, at best it's just the natural step in modernizing a product that has helped build Washington over the last 40 years. Mr. Herschlip thanked the Commission for their time and a special thanks to Commissioner Troyer. He asked the Commissioners if they had any questions for him.

Commissioner Patterson thanked Mr. Herschlip for his public comment.

### **Director's Report**

Deputy Director, Amy Hunter went over the 2018 Gambling Commission Meeting calendar with the Commissioners and announced the next Gambling Commission meeting would be January 11, 2018 at the Hampton Inn & Suites.

### **Commissioners Report**

Commissioner Stearns presented two PowerPoint presentations on two recent conferences he attended. He attended the National Indian Gaming Association and the Four Directions Conference on Problem Gambling.

Commissioner Patterson requested a hardcopy of the presentation to be sent to her and the Commissioners.

Ann Gray, DSHS commented that she is pleased that the Legislature is planning a work group to talk about Problem Gambling in Washington during this upcoming session.

Commission meeting adjourned at 3:42 pm.