



STATE OF WASHINGTON
GAMBLING COMMISSION

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

October Gambling Commission Meeting Minutes
Hampton Inn & Suites 4301 Martin Way E. Olympia
Public Meeting
October 11, 2018

Commissioners Present:

Bud Sizemore, Chair
Julia Patterson, Vice Chair (via phone)
Chris Stearns
Ed Troyer
Alicia Levy

Ex Officio Members Present:

Senator Steve Conway
Representative Brandon Vick

Staff Present:

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

Public Meeting Call to Order

Chair Bud Sizemore called the Gambling Commission meeting to order at 11:10 a.m. and immediately went into Executive Session where the Commissioners will discuss litigation, pending investigations and tribal negotiations for approximately one hour. Closed session is dedicated to discussing summary suspension and/or the petition for a declaratory order. Estimated time for the public meeting to start will be 1:00 PM.

At 1:00 pm, **Chair Sizemore** welcomed everyone to the Hampton Inn & Suites and introductions were made. He asked for a moment of silence to recognize law enforcement officers across the country that were lost in the line of duty since we last met. Chair Sizemore reordered the agenda to accommodate Commissioner Troyer's schedule.

There were 42 people in attendance.

Tab 2

Muckleshoot Negotiations

The Honorable Virginia Cross, Director Trujillo, and Tribal Liaison Julie Lies presented the materials for this tab. **Commissioner Stearns** introduced the Honorable Virginia Cross, Chairwoman of the Muckleshoot Tribes.

Commissioner Patterson joined the meeting via phone.

Chairwoman Cross thanked the Commissioners for allowing her to present. She explained that the Muckleshoot casino revenue supports an array of important programs and services for their community from education, healthcare, housing assistance, employment opportunities,

behavioral health and mental health programs. Every dollar the casino makes goes towards building a better future for all of the Muckleshoot tribal members. This amendment to the gaming compact will help keep the Muckleshoot casino in a fiscally sound position and enable the tribe to continue funding important programs and services for their tribe.

Chairwoman Cross introduced Claudia Kauffman staff to the Muckleshoot Tribe and a former legislator, and Deryl Brown-Archie tribal attorney that were in the audience. **Julie Lies**, Tribal Liaison continued with the presentation and highlighted the specifics of the compact amendments.

After the presentation was over **Ms. Lies** asked if anyone had any questions that she could answer regarding the amendment. There were no specific questions from the audience, however **Commissioners Stearns** asked if there were any provisions of the amendment that are not part of the Most Favored Nations adoption of the X2 Amendment, and is there anything that the Gambling Commission or Commissioners did outside of what they've done for all the other tribes? Ms. Lies said that the Appendix X2 Amendment portion is basically what other tribes had agreed to and there is also some additional information regarding problem gambling information, which other tribes have also agreed to.

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

Commissioner Troyer asked for a show of hands if there were any other Muckleshoot members in the audience. He thanked the Muckleshoot Tribe and said that if everybody could adopt their way of doing charitable contributions, in his opinion everybody would be in a better place.

Commissioner Stearns moved to forward the proposed compact to the Governor for review and final execution.

Commissioner Levy seconded the Motion.

The Motion passed. 7:0. This vote included Senator Conway and Representative Vick.

Tab 3

Petition for Declaratory Order- Big Fish Games, Inc.

Legal and Legislative Manager, Brian Considine presented the materials for this tab. **Chair Sizemore** explained that the Commissioners heard testimony at the July and August Commission meetings. At the August Commission meeting, it was decided that the Commissioners would close out oral arguments on the issue at that meeting and accept written testimony through 5:00 PM Pacific Time on September 30th. After, Mr. Considine presents the new information to the Commissioners staff will clear the room so Commissioners can hold a closed session and then reconvene to announce the decision after deliberation. **Mr. Considine** presented an additional letter that was not in the packet for the Commissioners to review. Commissioners went into closed session at 1:30 pm and reconvened the meeting at 1:50 pm.

Commissioners issued an order declining to enter a Declaratory Order signed by Commissioners Sizemore, Patterson, Troyer and Levy. Commissioner Stearns issued a dissent stating he would find that the petitioner's games as presented were not gambling.

Tab 1

Consent Agenda:

Commissioner Levy moved to approve the New Licenses and Class III employee licensees as presented by staff.

Commissioner Troyer seconded the Motion.

The Motion passed. 4:0

Commissioner Patterson was not present for the vote.

Commissioner Levy moved to approve the Class III certifications for the Snoqualmie Tribe and Cowlitz Tribe.

Commissioner Troyer seconded the Motion.

The Motion passed. 3:0

Commissioner Stearns abstained.

Commissioner Patterson was not present for the vote.

Commissioner Troyer left the Commission Meeting.

Commissioner Stearns moved to approve the 2019 Commission Meeting Schedule as presented.

Commissioner Levy seconded the motion.

The motion passed. 3:0

Commissioners Troyer and Patterson were not present for the vote.

Director's Report

Director Trujillo announced that he attended the Four Directions conference that was held at Squaxin Island conference center and that Commissioner Stearns received the Legacy of Commitment award and that Maureen Greely received the Monsignor Joseph Dunne Lifetime Award for Advocacy from the National Council on Problem Gambling. He also said that he met with Washington Association of Prosecuting Attorneys, Executive Director, and Tom McBride at the request of the Commissioners regarding Gambling Commission cases. The meeting went well and Director McBride offered to meet with our staff and Commissioners to explain the process. Director McBride plans to retire at the end of November so Director Trujillo hopes the offer will extend to his successor.

Tribal Liaison, Julie Lies spoke about the Centennial Accord that was held on September 25th. Chair Sizemore attended the meeting representing the agency. Ms. Lies reported that the Gambling Commission has worked on several efficiencies with tribes related to our electronic gambling lab and their testing process. The agency has offered training to tribal regulators, coordinating with the Puyallup TGA for 60 students to attend a one-week long class that had 13 tribes participate. The Gambling Commission has been meeting with tribes on several topics of interest for both the tribes and the agency. Also, completing the updated or modernized Jamestown S'Klallam Tribe's Class III gaming compact. She stated that this report can be read in its entirety on our website. **Chair Sizemore** asked if there were any questions from the audience. There were none. He reported that he was able to attend the second day of the Accord, which

was the full day with Governor Inslee. Governor Inslee answered a question from Chairman Ron Allen from Jamestown S'Klallam, regarding the revenue source for the criminal enforcement unit. He said Chairman Allen recognizes the critical importance of our criminal enforcement unit and encouraged the Governor to recognize the value to all Washingtonians of our criminal enforcement unit regarding their work in both regulated and unregulated activities, on Indian country or off and made a request to the Governor that this should be state funded. Chair Sizemore reminded the commission that this topic has not been a formal proposal to the legislature. **Commissioner Stearns** asked if problem gambling was mentioned at the meeting with the Governor. **Chair Sizemore** did not hear anything specific to problem gambling.

Tab 4

Default

Staff Attorney, Haylee Mills presented the default materials.

Cum Inn Bar & Grill, CR 201701455, Punch Board/Pull-Tab Revocation.

Chair Sizemore asked if a representative was present from Cum Inn Bar & Grill. No one was present.

Commissioner Levy moved to revoke the Punchboard/Pull-Tab application for the Cum Inn Bar & Grill.

Commissioner Stearns seconded the Motion.

The Motion passed. 3:0

Commissioners Troyer and Patterson were not present for the vote.

Sonny R. Noudaranouvong, CR 2018-01511, Public Card Room License Revocation.

Chair Sizemore asked if Mr. Sonny Noudaranouvong was in the audience. He was not present.

Commissioner Stearns moved to revoke the public card room license of Mr. Sonny Noudaranouvong.

Commissioner Levy seconded the Motion.

The Motion passed. 3:0

Commissioners Troyer and Patterson were not present for the vote.

Thuan Q. Phan, CR 2018-00555, Public Card Room License Revocation.

Chair Sizemore asked if Mr. Thuan Q. Phan was in the audience. He was not present.

Commissioner Levy moved to revoke the public card room license of Mr. Thuan Q. Phan.

Commissioner Stearns seconded the Motion.

The Motion passed. 3:0

Commissioners Troyer and Patterson were not present for the vote.

Meisean Teurn, CR 2018-01076, Public Card Room License Revocation.

Chair Sizemore asked if Ms. Meisean Teurn was in the audience. She was not present.

Commissioner Stearns moved to revoke the public card room license of Ms. Meisean Teurn.

Commissioner Levy seconded the Motion.

The Motion passed. 3:0

Commissioners Troyer and Patterson were not present for the vote.

Tab 5

Petition for Rule Change Soft Count

Assistant Director, Tina Griffin presented the materials for this tab. She stated that this rule is up for discussion only. It should be ready for final action next month at the November meeting. This rule petition was submitted originally by Stacey Hess with Great American Gaming. They operate four house-banked card rooms in Washington. The petitioner did submit the rule earlier in the year. We worked with the petitioner and the language was changed and approved last month, based on some information we found in looking at what other states were doing that have two member soft count teams and use automated currencies, currency counters, with their soft count as well as looking at what our tribal facilities do in the State of Washington. This rule is up for final action at the November Commission Meeting. **Chair Sizemore** asked for public comment. There was no public comment. The rule was up for discussion only so no vote was taken.

Director Trujillo introduced the newest member of the Gambling Commission that will be reporting the Brian Considine. Her name is Kat Husted, and was hired as the Public Records Officer. Director Trujillo also mentioned that Deputy Director Amy Hunter has taken a position with the Department of Financial Institutions. Her last day with the agency will be October 26.

Tab 6

Petition for Rule Change Marketing Level Restrictions

Legal and Legislative Manager, Brian Considine presented the materials for this tab.

Commissioner Stearns had an emergency and had to leave the meeting. That left the Gambling Commission without a quorum.

Chair Sizemore asked if the petitioner would be willing to present at the next meeting in November. The petitioner agreed to come back to the November meeting.

Chair Sizemore opened the floor to commissioners and ex officio for comment. Senator Conway asked about Agency Request Legislation and confirmed that the Commissioners took action on Self-Exclusion. **Chair Sizemore** agreed. **Director Trujillo** explained to the Senator about the problem gambling study that the University of Washington and the Washington State University is contracted for. The study will be presented to the Commissioners at the January or February meeting.

Chair Sizemore asked for public comment.

Dolores Chiechi, Executive Director for Recreational Gaming Association, stated that she was pretty blown away to hear about Deputy Director Amy Hunter's departure from the Gambling Commission. She explained that in her capacity over the last 20 years, she has worked closely with Ms. Hunter in the legislative session, and she's been a great asset to the Commission and her presence will be sorely missed, and hopefully, Director Trujillo is on deck to find somebody else to put into that role. Wish her the best in the future. We'll miss her.

At this time Commissioner Stearns returned to the meeting.

Senator Steve Conway expressed his appreciation of Deputy Director’s hard work and will miss her in this capacity at the Gambling Commission. He thanked her for all her work on the legislative team at the Gambling Commission.

Commissioner Chris Stearns also expressed his appreciation of all that Deputy Director Amy Hunter has brought to the Gambling Commission. He said she really has that unique ability to get things across to anyone and, to explain things to you. She's just really, really good at what she does, he said. And, that she is just an incredible individual, and the Gambling Commission is going to miss her so much and I personally will miss her very, very much.

Chair Sizemore recognized that Commissioner Stearns returned to the meeting and that we now had a quorum and can go back to Tab 6.

Tab 6

Petition for Rule Change Marketing Level Restrictions

Legal and Legislative Manager, Brian Considine presented the materials for this tab. He was joined by Wendy Winsor, owner of W.O.W. Distributing. This petition requests the repeal of WAC 230-03-225, which prohibits licensed manufacturers or distributors of punchboard/pull-tabs from also being licensed gambling service suppliers. Mr. Considine explained the process and said that Ms. Winsor was available to explain further or answer any questions from the commission. **Ms. Winsor** introduced herself and said that her and her husband, and brother-in-law started their distributorship in 1990. They run and operate a pull-tab university, where they train operators and new licensees how to sell pull tabs. Ms. Winsor is requesting the repeal of this rule because WAC 230-03-225 is no longer needed, imposes unreasonable costs and conflicts with another rule. Ms. Winsor further provided this repeal is necessary because:

1. “A distributor of pull-tabs, and its representatives, must inform and educate prospective and established pull-tab licensees in order to perform the activities for which it is licensed; and
2. Unreasonable costs (i.e., photo copying, labor, transportation) are incurred by the distributor in the course of performing these licensed activities; and
3. WAC 230-03-210 requires anyone who performs these activities for compensation must apply for a gambling service supplier license but WAC 230-03-225 does not allow a distributor to hold both licenses.”

Ms. Winsor states, “Repeal of WAC 230-03-225 would allow a distributor to perform its licensed activities and remain compliant.”

Senator Conway mentioned that he was an advocate for the three-tiered system. But, he is concerned in removing the language of the three-tiered system from the WAC. **Ms. Winsor** suggested a change in the language and said she would be happy to work with staff and discuss it when this topic comes before the commission in the coming months. **Director Trujillo** interjected and said with the proposed language the three-tiered system stays intact.

Chair Sizemore asked for public comment. There was no public comment. **Mr. Considine** said that staff recommends accepting the petition and filing initial rule-making to allow for further review and analysis of our service supplier rules and marketing level restrictions for punchboard/pull-tab operators. He said that with reaching out to stakeholders so we get feedback from everyone involved that this petition will not be before the Commissioner until the January Commission Meeting.

Commissioner Levy moved to accept the petition for filing and enter into rule-making as recommended by staff.

Commissioner Stearns seconded the Motion.

The Motion passed. 3:0

Commissioners Troyer and Patterson were not present for the vote.

Chair Sizemore mentioned that he represented the Gambling Commission at the Tribal Consultation meeting yesterday and one of the topics discussed was our self-exclusion bill that was approved at last month's September commission meeting. When sitting down with tribal leaders and their designees yesterday, it was determined that there was a real problem with a legislative mandate to make self-exclusion a portion of their Compact negotiations. And it felt to the tribes that, and I'll ask Commissioner Stearns to maybe go into any more detail if I miss this, it felt like a strain on the sovereignty of the 29 tribes if they were required by the legislature to enter into Compacts on this issue. So, it has happened before, the tribes agreed to it at that point and if they had it to do over, it appears that they would not. **Commissioner Stearns** replied with the commission must consider a supervision of state-wide self-exclusion, participation as elements to be negotiated with federally recognized Indian tribes as provided in RCW. It does seem to tread upon the sovereignty of the tribes. So, I would fully support or recommend that we remove subsection (g).

Commissioner Stearns recommended the removal of Subsection (g) for the Agency Request Legislation.

Commissioner Levy seconded the motion.

The motion passed 3:0

Commissioners Troyer and Patterson were not present for the vote.

Other Business/General Discussion/Public Comment

Chair Sizemore reminded the audience that the next Commission Meeting will be held at the Hampton Inn and Suites in Olympia.

Additional Public Comment

There was no public comment.

The Commission meeting adjourned at 4:15 pm.