



Washington State Gambling Commission

Group 12 Amusement Games

Updated July 29, 2016 (New Information in green text)

New Information: July 29, 2016

A hearing was held today in Amusement Device Operators of Washington (ADOW) v. Washington State Gambling Commission on ADOW's motion to enjoin enforcement of Group 12 rules; these rules went into effect in May and July 2016. The Court denied ADOW's motion and the Gambling Commission can enforce all new Group 12 rules. A copy of the order is posted with this announcement.

Group 12 amusement game manufacturers, distributors, and operators are expected to comply with all current Group 12 amusement game rules within two business days from the date of this ruling. The Gambling Commission will resume its enforcement of Group 12 amusement game rules after Tuesday, August 2, 2016. Any person or business with Group 12 amusement games that are not in compliance with Commission rules will be subject to administrative, civil, and/or criminal action.

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New Information: July 19, 2016

We have completed our testing of Banilla Games Olympic Skill 1 and Olympic Skill 2, Versions 4.1.0.29379, as required under WAC 230-13-010(2), which went into effect on April 30, 2016. Their previously approved games on January 7, 2016, which were modified on April 29, 2016 to be compliant with the prize and wager limits that went into effect on April 30, 2016, comply with all requirements in RCW 9.46 and WAC 230. The new approval letter is posted on our website.

New Information: June 16, 2016

The preliminary injunction hearing has been rescheduled to July 29, 2016.

New Information: May 27, 2016

Due to litigation filed on May 26, 2016 challenging the group 12 amusement game rules passed in March and April 2016, we are temporarily suspending our enforcement actions outlined in our May 24, 2016 posting.

The preliminary injunction hearing is currently scheduled in Thurston County Superior Court on June 17, 2016. Until the Superior Court issues a ruling regarding the request for a preliminary injunction, Group 12 amusement games do not need to be unplugged or removed from the state. We will update our website regarding any potential enforcement actions after we receive such a ruling.

Manufacturers are still encouraged to submit a manufacturer's license application and to submit previously approved Group 12 amusement games for testing as soon as practical.

New Information: May 24, 2016

Manufacturer Compliance:

Banilla Games Inc. and Grover Gaming Inc. submitted the required manufacturer applications for a license and their Group 12 Amusement Games Olympic Skill 1 & Olympic Skill 2 for testing on April 29, 2016.

We have extended the date for the other Group 12 amusement game manufacturers to: (1) submit their application *and* (2) submit Group 12 amusement game(s) to the Gambling Commission's Lacey Headquarters for testing until 4:00 p.m. on Friday, May 27, 2016. Any Group 12 amusement game manufacturer that has not done both of these by the new May 27, 2016, 4:00 p.m. deadline will be in violation of WAC 230-03-185 (1)(c) and WAC 230-13-010(2).

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If the manufacturer of your Group 12 amusement game does not meet this new deadline, you will have to turn off the Group 12 amusement games you have and ensure they are removed from the state no later than June 10, 2016. Failure to comply by June 10, 2016, will likely result in:

- (1) Seizure of the manufacturer's amusement games;**
- (2) Administrative charges to revoke any Washington State gambling license(s) you have; and**
- (3) Possible criminal charges under RCW 9.46.160, RCW 9.46.180, and/or RCW 9.46.215.**

Prize and Wager Limits:

If you received a NOVAS for your prize and wager limits, you have until Friday, May 27, 2016 to comply with the new prize and wager limits set forth in WAC 230-13-135(2). Your failure to comply by May 27th **will likely result in the Gambling Commission issuing administrative charges** to suspend or revoke your license(s).

If you have any questions, please contact Tina Griffin at 360-486-3546.

New Information: May 16, 2016

On May 12, 2016, the Commissioners voted unanimously to not repeal Group 12 amusement games.

New Information: May 3, 2016

As of April 2016, we have approximately 385 Group 12 amusement games in Washington. A few licensees have not responded to our request for information on the number of games in their warehouse. You can find the "[List of Licensees with Group 12 Amusement Games](#)" on our website with the information we have received to date.

New Information: April 29, 2016

1. Banilla Games Inc. and Grover Gaming Inc. submitted the required manufacturer applications for a license.
2. Banilla Games Inc. submitted Group 12 Amusement Games *Olympic Skill 1* & *Olympic Skill 2* for compliance testing to [rules passed by the Commission](#). Both games were tested by our Electronic Gambling Lab and are in compliance with wagering and prize limits.

New Information: April 27, 2016

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Group 12 Amusement Game stakeholders have asked about enforcement of the new Group 12 Amusement Game rules passed by the Commission during its March 2016 and April 2016 Commission meetings.

Group 12 Amusement Game rules passed in March have an effective date of April 30, 2016. These rules address wagering limits, prize limits, manufacturer application requirements, identification stamp requirements, and testing requirements.

We expect all licensees to be in compliance with all new prize and wager limits on or before April 30, 2016. Due to April 30th being a Saturday, we expect all manufacturers licensing applications to be received at our Lacey office by close of business on Monday, May 2, 2016. Similarly, we expect all previously approved Group 12 Amusement Games to be submitted to us for testing by close of business on May 2, 2016.

Additionally, we expect all Group 12 Amusement Games to be stamped with an identification stamp. If an amusement game stamp was purchased and placed on a Group 12 Amusement Game prior to April 30, 2016, then licensees may continue to rely on the current 2016 stamp for the remainder of the calendar year. However, we expect all licensees to follow the new Group 12 Amusement Game Annual Stamp rule for any stamps purchased and placed on Group 12 Amusement games after April 30, 2016. We have determined that this approach to the Group 12 Amusement Game Identification (ID) Stamp requirement is consistent with how we have phased in prior ID stamp increases.

We are hopeful that manufacturers and licensees will comply with these rules by the respective April 30 and May 2 deadlines. If manufacturers and licensees are not in compliance with the new rules by these deadlines, then Gambling Commission staff will begin taking appropriate progressive enforcement action consistent with our enforcement of any amusement game statute or rule violation.

New Information: April 15, 2016

At their April 14, 2016, public meeting, the Commissioners completed the following actions:

1) [Passed Option A](#), which sets clear operating guidelines for Group 12 amusement games.

Specifically, this rule package:

A. Prohibits:

i. Replays; and

ii. Any cash payment being awarded; and

B. Defines merchandise prizes to **only** include toys, novelties, food and beverage, and retail items sold as a normal part of the business; and

C. States pull-tabs and other gambling activities, gift certificates or gift cards **do not** constitute merchandise prizes.

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This rules package will be effective on **July 15, 2016**. Any Group 12 amusement game not in compliance with this rule as of the effective date must be turned off until it is compliant.

If any software changes are needed for a Group 12 amusement game to be compliant with this rules package, manufacturers should submit the game to us **no later than May 2, 2016**, which would allow 60 days for us to test and approve the Group 12 amusement game as outlined in [WAC 230-13-010](#). This would allow manufacturers approximately 14 days to install the new software prior to the effective date.

- 2) **Passed** a rule limiting the number of Group 12 amusement games that can be placed in any one facility. Specifically, the limit for bona fide charitable and nonprofit licensees is 20 and 10 for commercial licensees. This rule will be effective on May 16, 2016.
- 3) **Filed for further discussion** a series of rules that outline certain licensing requirements for Manufacturers, Distributors, Class B and above Amusement Game licensees and Class A Amusement Game licensees. These rules will be discussed further in May.

The May Commission meeting will be at the Red Lion Hotel in Pasco, WA, on May 12-13, 2016.

- **Up for final action** at the May Commission meeting is a proposal to repeal the underlying rule authorizing Group 12 Amusement Games.
- **Up for further discussion** at the May Commission meeting are Group 12 amusement game rules that address signage-for-players, record keeping and reporting requirements, and the non-transferability of tickets, tokens or coupons to such things as player tracking or customer rewards systems.

I.D. Stamp Reminder: All Group 12 amusement games must have a new Group 12 Identification (I.D.) Stamp by **April 30, 2016**. You can purchase ID stamps through the Commission's [My Account](#). [Guidelines](#) for Group 12 Amusement Game I.D. Stamps and [Purchase and Order Forms](#) are available on our website at Gambling Activities / [Group 12 Amusement Games](#).

The \$5 wager and \$1,000 prize limits for Group 12 amusement games goes into effect on **April 30, 2016**. Any Group 12 amusement game not in compliance by this date is expected to be turned off until the game is brought into compliance.

New Information: March 25, 2016

We have received several requests from stakeholders wanting to participate in drafting the rule the Commission requested to play winnings from Group 12 amusement games. If you have language you would like us to consider prior to us posting the rule language we will be taking to the Commissioners in

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April, you should submit the language to us by **5 p.m., Tuesday, March 29, 2016**, to Tina.Griffin@wsgc.wa.gov. We anticipate posting the rules for the April Commission meeting after March 30, 2016. Any language submitted after this time will be included in Stakeholder Comments for the Commissioners.

Staff will hold a one-hour stakeholder meeting at **9 a.m. on Wednesday, April 6, 2016**, at our Lacey office. Topics are the Group 12 amusement game rules on the agenda for the April Commission meeting and answering any questions about the rules that were approved at the March meeting. We will have a phone conference feature available for those that would like to call in; call (360) 407-3780 and enter PIN Code 208046#. Contact Hollee Arrona at Holle.Arrona@wsgc.wa.gov for a parking pass.

New Information: March 18, 2016

At the March 11, 2016, Commission meeting, after hearing from the public and after much discussion, the Commissioners took the following actions:

1. Passed rules dealing with licensing manufacturers of Group 12 games, testing of Group 12 games, identification stamps and wagering limits and prize limits. [These rules](#) will be effective mid-April; they do the following:

- Require manufacturers and distributors of Group 12 amusement games to be licensed; currently, only the owners of amusement games are required to be licensed. Group 12 manufacturers that were approved before the effective date of this rule must apply by May 1, 2016, and be licensed by December 31, 2016.
- Require Group 12 amusement games to be sold or leased by licensed manufacturers and distributors. Existing leases will be allowed to continue until December 31, 2016 or licensure of the manufacturer, whichever is later. New sales or leases of Group 12 amusement games will be prohibited until the manufacturer of the game is licensed.
- Require testing of Group 12 amusement games by our gaming lab. Manufacturers will have to pay the cost of our review and testing of each game. All Group 12 amusement games approved prior to the effective date of this rule must be submitted to our gaming lab for testing by May 1, 2016.
- Require all Group 12 amusement games to have an annual identification stamp, which will be \$250 each.
- Set wagering limits of \$5 and prize limits of \$1,000 for Group 12 amusement games. Currently, there are wagering limits of \$3.50 and prize limits of \$500 on amusement games if school-aged minors are allowed to play amusement games in locations identified in rule but no prize or wagering limits exist for amusement games school-aged minors are not allowed to play.

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- Allows leases of Group 12 amusement games to charitable and nonprofit organizations to be based on a percentage of revenue.

2. Requested a rule be brought to the April 2016 Commission meeting to allow winnings from Group 12 amusement games to be played. Rule language will be posted after March 30.

Small businesses testified that some type of feature was needed to make Group 12 amusement games viable. The two features discussed the most were:

- Allowing winnings to be played; and
- Allowing gift certificates or cards as prizes. Separate laws govern gift certificates ([RCW 19.240.020](#)). The effect of these laws is that cash could be given away as prizes when the amount left on the gift certificate is under \$5.00.

3. Filed new rules for further discussion:

- [Requiring a sticker or screen on Group 12 amusement games](#) so there is no confusion about what the game is. The sticker would say something like this: “This is not a slot machine. No cash prizes are allowed. You can preview the prize available before each play of the game without the insertion of money or anything of value.”
- [Rules for additional records & reporting:](#)
 - Licensees would be required to notify us within 30 days of putting into play or removing from play Group 12 amusement games. Notification would be in the format we require, which could be done by submitting a paper form or through My Account.
 - Licensees would be required to record and report gross receipts from Group 12 amusement games separately from the gross receipts of other amusement games.
 - Winnings from Group 12 amusement games would not be transferrable to player tracking or customer rewards systems. Licensees would be able to allow players to store prize points won on an electronic token card for redemption at a future date. The Group 12 amusement games currently in operation do not accept electronic token cards. However, electronic token cards are used with other amusement games.

New Information: February 26, 2016

At the February public Commission meeting, Commissioners asked staff to continue to work on some ideas. They were very clear about their concerns and what they wanted staff to explore. For details, see our February 12, 2016 update below. Staff met with stakeholders on February 22, 2016. Staff prepared very rough rule language to start discussions. This language was posted on our website in advance of the meeting for attendee consideration. Thank you to all who participated either in person or by telephone.

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The purpose of this update is to provide you with some post stakeholder meeting thoughts for each of the following:

Regulating the appearance so that the game does not look like a slot machine. As you know, the appearance of Group 12 amusement games was a Commissioner concern when the original rule was passed in mid-2015. Appearance continues to be a Commissioner concern and was raised again during the February, 2016, Commission meeting during discussion of the current rules proposals. Rule language has been prepared for consideration and will be posted to this site in advance of the March public Commission meeting.

Whether or not playing of tokens won are an option be considered. The statutory definition of Amusement Game states that amusement games must only award merchandise prizes [RCW 9.46.0201 \(3\)](#). The RCW does not specifically authorize or address the concept of immediately playing tokens awarded without a redemption process or the awarding of free replays as prizes. This concept will be discussed at the March public Commission meeting.

Determining the right mechanism that will allow for tokens to be redeemed for merchandise. This subject has also been a significant concern for Commissioners. Depending on the merchandise prize redemption process, the redemption method may cloud the merchandise prize provision in statute. The varying redemption methods brought to Staff's attention since the rule authorizing Group 12 Amusement Games went into effect appears to be different than the traditional redemption process for amusement games. In addition, it appears that more complex redemption methods are being considered for use. Rule language regarding this issue has been prepared for consideration and will be posted to our website in advance of the March public Commission meeting.

If you submitted comments or information after the February Commission meeting, it will be included for our Commissioner's review in March . [See you on March 11.](#)

New Information: February 12, 2016

At yesterday's Commission meeting the following occurred.

Commissioners reiterated their concerns about how Group 12 Amusement Games are being operated or perceived to be operated.

- They filed for further discussion a petition to repeal the rule authorizing this type of amusement game.

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- They discussed Option A and Option B in the "operations" rule package up for discussion. The Commissioners withdrew further consideration of Option B pursuant to RCW 34.05.335. The method of operation in Option A, which was more restrictive than Option B will continue to the March Commission meeting.
- They discussed further limiting the number of Group 12 Amusement Games in locations from that proposed. Under the proposed WAC 230-13-080, the limits are ten games for commercial businesses and twenty for charitable and nonprofit organizations.
- They discussed the modifications to the licensing and testing rule package. The modifications require:
 - a) All group 12 amusement game manufacturers to be licensed even if games are already approved for operation; and
 - b) Testing all such games even if the games are already approved.

Individually, Commissioners asked staff to continue working on the following:

1. Regulating the appearance so that the game does not look like a slot machine.
2. Whether or not playing of prize points won are an option to be considered.
3. Determining the right mechanism that will allow for prize points won to be redeemed for merchandise, such as food and beverage sold by the business.

Staff will hold a stakeholder feedback meeting in our Lacey office. Topics for discussion will be the three items above. **The meeting will be on February 22, 2016, at 3 p.m.** We will have a phone conference feature available for those that would like to call in; call (360) 407-3780 and enter PIN Code 282740#. Contact Hollee Arrona at hollie.arrona@wsgc.wa.gov for a parking pass.

New Information: February 2, 2016

At the January 2016 Commission meeting, the Commissioners filed for discussion all the amusement game rules, as presented. The purpose of these rules was to address the various operational questions staff have received since Group 12 amusement games were allowed in WAC 230-13-067. These new rules will be up for discussion at the Study Session and Commission meeting on February 11, 2016.

In addition, staff has prepared rule language for consideration in response to a Commissioner's question at the January meeting. These rule changes are identified as Alternative #2 in Rules Package #1:

- WAC 230-03-185 Alternative #2: Language was added to require manufacturers of Group 12 amusement games that were approved before the effective date of this rule to apply by May 1, 2016, and be licensed by December 31, 2016.
- WAC 230-06-110 Alternative #2: Language was added to clarify that lease agreements entered into prior to the effective date of this rule may continue until the manufacturer is licensed or December 31, 2016, whichever occurs first.
- WAC 230-13-010 Alternative #2: Language was added to require games approved before the effective

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date of this rules package to be submitted for testing, including the application and deposit, by May 1, 2016.

A Commissioner requested staff prepare a rule to repeal Group 12 amusement games, as an option for the Commissioners to consider as they continue to discuss the regulation of Group 12 amusement games. This new rules package will be up for discussion and possible filing at the February 11 meeting.

These four rules packages address many topics related to the operation of Group 12 amusement games as well as their authorization. We are hopeful that by April or May 2016, final rules will be in effect. In the meantime, please keep in mind that business decisions you make to get a license to offer Group 12 amusement games or not or to offer certain features or omit them may have to change if final rules do not allow for Group 12 amusement games or a particular feature. Any action taken by the legislature could also impact Group 12 amusement games.

Draft rules and summaries of the proposed changes will be posted tomorrow with the [Thursday February 11, 2016, Commission meeting information](#).

New Information: January 28, 2016

As of January 11, 2016, there were 204 Group 12 Amusement Games placed at 80 locations. The most games at any one location was 8.

At the January 2016 Commission meeting, all proposed rule changes were filed for further discussion. The rules are separated into three packages (click on the rules packages below for details of each proposed rule change).

- [Rules Package 1](#) - These changes are proposed by staff in conjunction with operators & stakeholders.
- [Rules Package 2](#) - These changes were suggested by licensees & stakeholders during the comment period.
- [Rules Package 3](#) - This package has policy decisions broken into two Options A and B. Both options were filed for further discussion.

At the meeting, 17 people testified; 15 said they would prefer no rule changes, but if there are changes, they would prefer Option B in Rules Package 3. Two people testified with a variety of concerns about group 12 amusement games.

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The rules will be discussed further at the [Thursday February 11, 2016, Commission meeting](#) in Lacey. Check back next Monday, February 1, 2016, for draft rules and detailed explanations of the proposed changes, which will be posted with the February Commission meeting information. We anticipate the rules will be up for final action at the [March 2016 Commission meeting](#). Commission meetings are open to the public and you are encouraged to attend and comment on the proposed changes.

We previously reported a [Petition for rule change from the public](#), requesting additional plays as prizes for Group 12 amusement games, would be up for filing at the January 2016 meeting. The petition was withdrawn by the petitioner prior to the January meeting.

New Information: January 8, 2016

A third Group 12 Amusement Game has been approved. [Click here for the approval letters.](#)

New Information: January 4, 2016.

A second Group 12 Amusement Game has been approved. [Click here for both approval letters.](#)

New Information: December 24, 2015

[Click here for the draft proposed rule changes](#) that will be up for discussion and possible filing at the January 14 & 15, 2016, Commission meeting.

New Information: December 4, 2015

As we previously reported, we have received and are working through a [Group 12 Amusement Game petition from the public](#) that would allow additional plays as prizes for Group 12 amusement games. This petition will be up for discussion and possible filing at the [January 2016 Commission Meeting](#).

Thank you for the many suggestions we have received from stakeholders on developing additional rules for Group 12 Amusement Games. Staff is carefully considering all of these suggestions. Although Commissioners will be made aware of all stakeholder suggestions, a specific rule will not be drafted for each suggestion. Here are some stakeholder suggestions we have received:

- Define “merchandise” or “hard merchandise”
- Allow pull-tabs and bingo to be available as a prize to be redeemed
- Set per play price limits and prize limits
- Develop a Group 12 Amusement Game review process
- Limit the number of Group 12 Amusement Games per location
- Set a Group 12 Amusement Game stamp fee
- Allow Group 12 Amusement Game prizes to include gift cards or gift certificates for use at the premises with a monetary cap (for example, \$50) and/or gift cards for other locations outside the specific premises
- Create Group 12 Amusement Game record keeping requirements

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It is our intent to have a set of Group 12 Amusement game rules up for discussion and possible filing at the [January 2016 Commission meeting](#) that will address these areas and clarify the conduct and operation of Group 12 Amusement Games. We plan to post the rules for your review by the end of December. The Commission meeting is scheduled for January 14-15, 2016, at the Red Lion Hotel in Olympia.

New Information: November 19, 2015

At our November 12, 2015, public Commission meeting, the four Gambling Commissioners present discussed their intent when the Group 12 Amusement Game rule was passed in July. Their intent is for “hard merchandise” to be awarded as a prize. Cash is not merchandise; therefore, it is not an allowable Group 12 Amusement Game prize. If operators award cash as a merchandise prize, Commission Staff will take enforcement action. Such games may award tickets or tokens that can be redeemed for “hard” merchandise.

We know that Group 12 Amusement Games are a significant issue for many people for a variety of reasons. To that end, we ask that all interested parties be patient while we work with stakeholders toward resolution. Until otherwise specified, “hard merchandise” means non-cash prizes including toys and novelties, retail items such as electronic goods, clothing, accessories, as well as food, beverage and other items sold by the operator as a normal part of their business.

As you know, we are developing rules that will outline the specific operation of Group 12 Amusement Games so that all can be assured the games operate within RCW, WAC and public policy. A set of proposed rules are already on this site and we welcome your comment. In addition, we will post a list of additional stakeholder rule ideas early next week. Draft rules will be posted as completed and available for your comment.

We will update this site as information changes. We do not want you to wait until our next scheduled Commission meeting (January 14-15, 2016) to give us your feedback. It is our intent to be open and transparent throughout this process so please be sure to tell us what else we can do.

New Information: November 17, 2015

Gift Certificates: Check back November 19 for an update on Gift Certificates.

Proposed Rule Changes Discussed at the November 12, 2015, Study Session in Olympia.

- 1) Grover Gaming has submitted a petition for rule change requesting that Group 12 Amusement Games be allowed to “award interim credits which may be either exchanged for merchandise prizes or used to continue play of the game.”
- 2) Staff will be discussing a draft rules package with several areas being considered for rule-making, including: Prize & wager limits, game approval process, I.D. Stamp fees, and licensure of Group 12 Amusement Game manufacturers.