



# Washington State Gambling Commission



## Agency Overview & Update

**Senate Commerce & Labor Committee**

**January 21, 2015**

**Mission Statement:**

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



# Our Commissioners



Chris Stearns  
Chair



Bud Sizemore  
Vice-Chair



Kelsey Gray



Julia Patterson



Ed Troyer



# Ex Officio Members – Our Link to the Legislature



Senator  
Steve Conway  
29<sup>th</sup> District



Senator  
Mike Hewitt  
16<sup>th</sup> District



Representative  
Chris Hurst  
31<sup>st</sup> District



Representative  
Bruce Chandler  
15<sup>th</sup> District



# Gambling Licensing, Background, & Financial Investigations

*23,300 criminal background checks completed*

## My Account

The Washington State Gambling Commission has more to offer tribes and organizations when you sign up for an online account.

Sign in on the right, or you can [Create a free account right now.](#)

**Submit new or renewal applications**

**File financial activity reports**

**Set up reminder emails, and more**

**Email** (or Client Number \*)

**Password**

Sign in

3,195 new licenses issued

---

15,966 licenses renewed

58% of card room employees renewed online

---

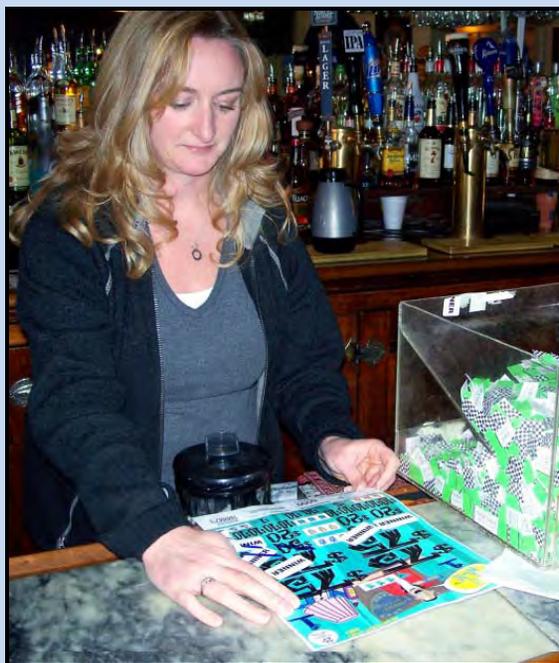
4,000 (over 60%) gambling activity reports received online

---

20 licensing transactions available online



# Gambling Enforcement & Investigations



4571 inspections  
(annual average)

500 complaint  
investigations

---

510 investigations  
initiated by Special  
Agents

*"The criminal element and  
gambling will always intersect."*

Frank Harrill  
FBI Special Agent  
Eastern WA

# Illegal Gambling Investigations



Internet Gambling



Animal Fighting

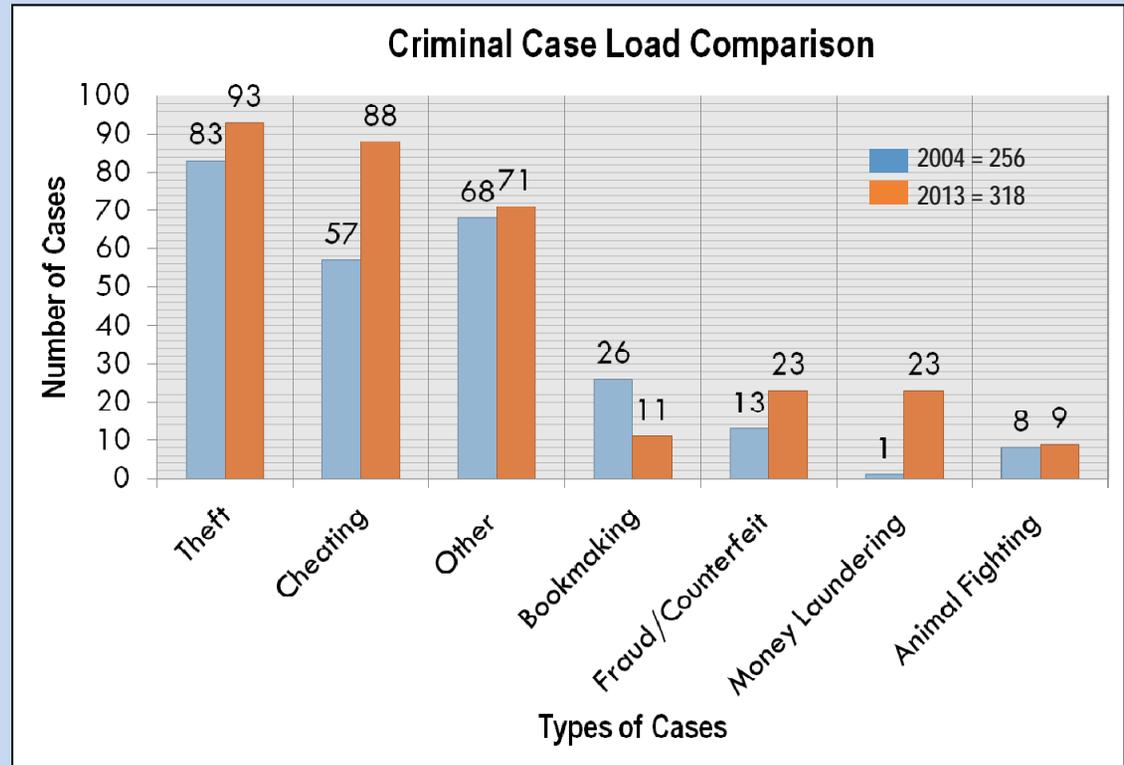
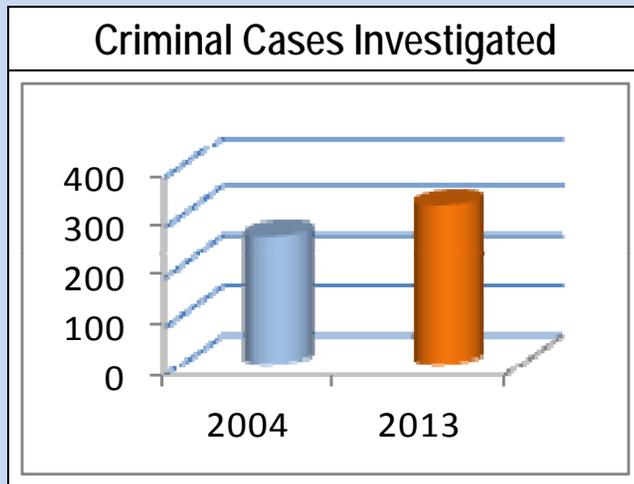


Cheating



Sports Wagering

# Gambling Enforcement & Investigations



## 2014 Criminal Case Forensic Assists

Ellensburg Police Dept.

Lacey PD

Lewis County

Spokane Co.

Spokane PD

Tumwater PD

**72 criminal cases  
sent to prosecutors**

**32 other criminal cases  
assisted other law  
enforcement agencies**



# Tribal-State Compact Negotiation, Co-Regulation & Investigations

*Recognize and respect the sovereign status of the Tribes  
and work as partners to promote the principles of the  
government-to-government relationship.*



## Electronic Gambling Lab

Tests electronic  
gambling equipment

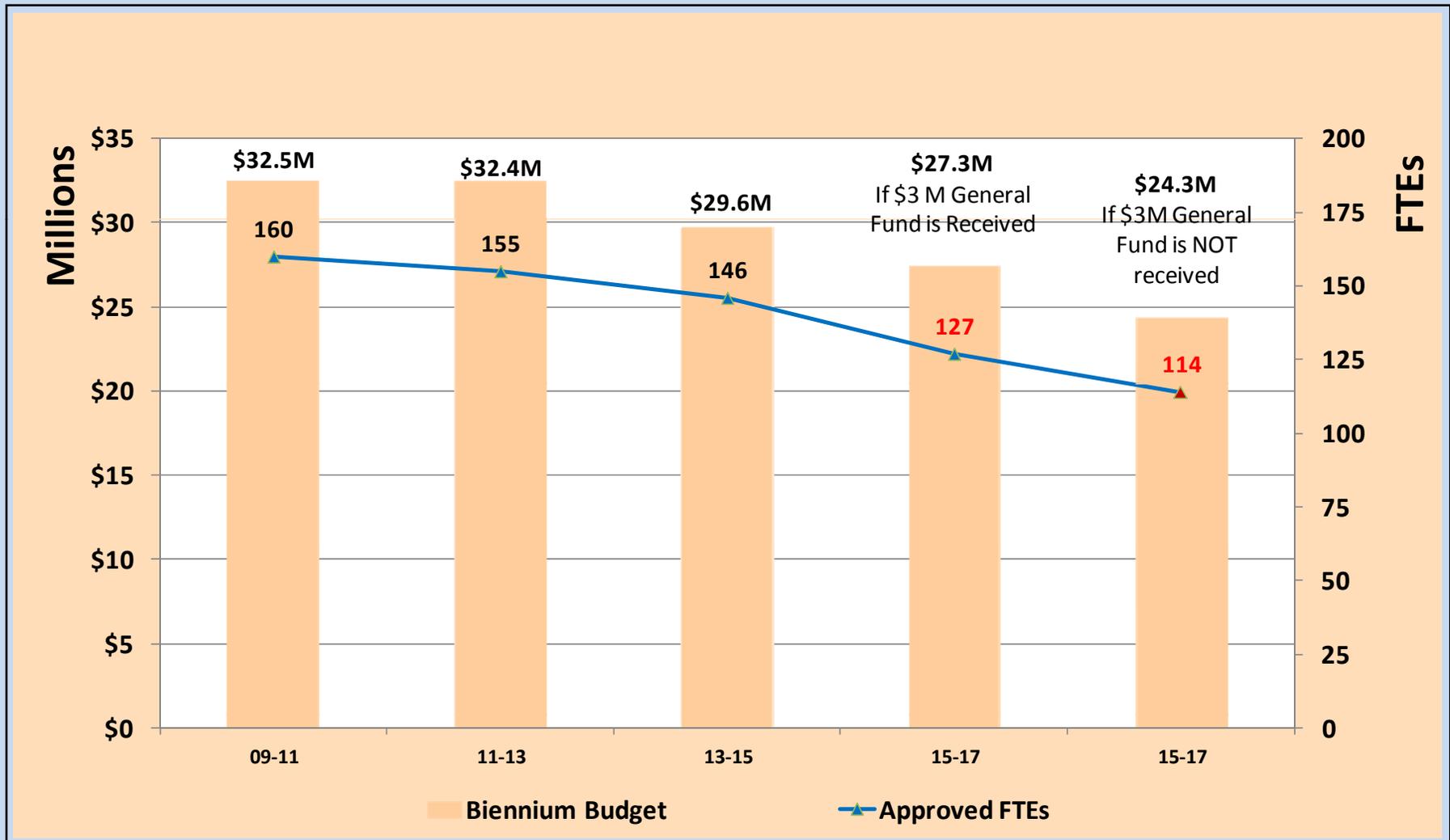
## Tribal Gaming Unit

- Monitor compliance with terms of Tribal-State Compacts
- Co-regulatory with Tribal Gaming Agencies
- Conduct reviews
- Provides training



# Budget Update

Budget/FTEs have Decreased,  
while our Criminal Work Increases

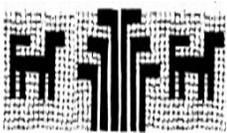


# Questions?

Gambling Commission Mission:



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



# Washington State Gambling Commission

## Proposed 27 Tribe Compact Amendment

Senate Commerce & Labor Committee Hearing

John A. Cherberg Building, Hearing Room 1

Wednesday, January 21, 2015

1:30 pm



# Indian Gaming Regulatory Act

Congress passed “IGRA”  
in 1988 to:

- Provide a regulatory framework for Indian gaming.
- Promote economic development, self sufficiency, and strong Tribal governments.



# IGRA

The State must negotiate in good faith when a Compact or amendment is requested by a Tribe.

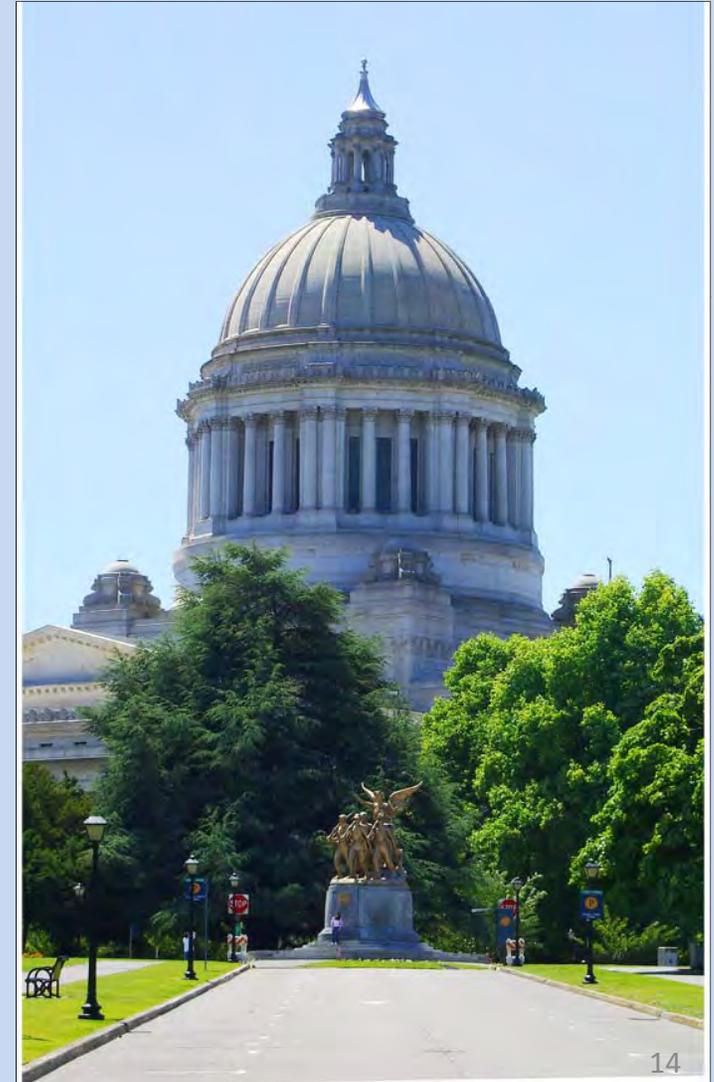
Negotiated topics may include:

- Casino style gaming activities that are allowed for any person, for any purpose.
- Criminal and civil jurisdiction.
- Fees for state regulation.
- Remedies for breach of contract.
- Standards of operation.



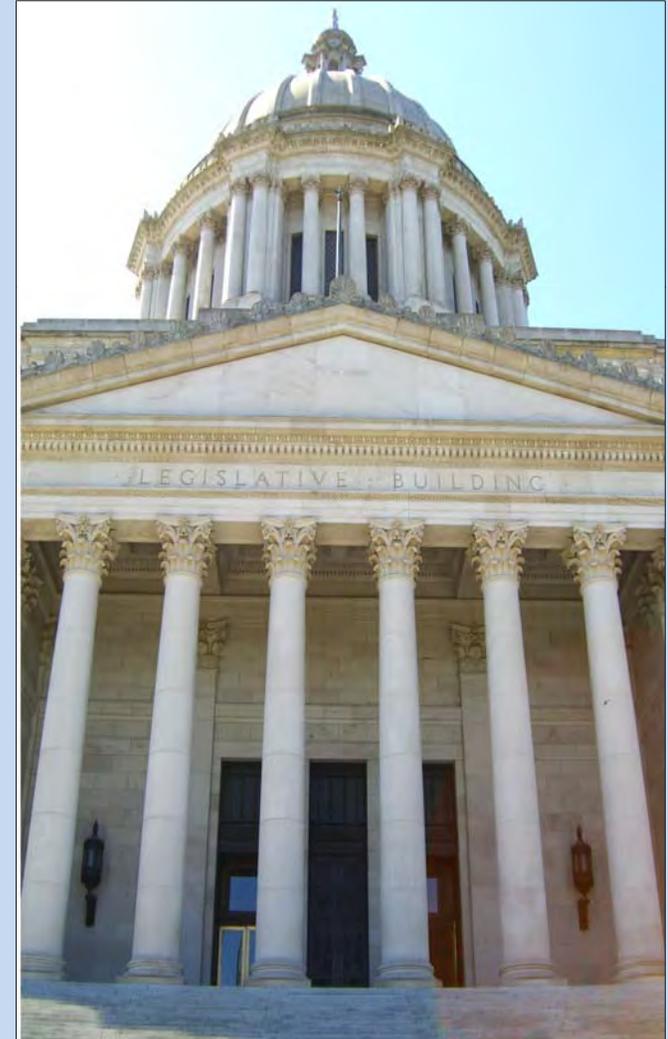
# Washington State Tribal Gaming Compact Approval Process (RCW 9.46.360)

- Compact negotiation request sent by Tribe to Governor
- Governor requests Commission Director to negotiate
- Compact negotiated by Commission Director
- Compact submitted to Commission and Legislature
- Legislature shall hold a hearing and forward comments to the Commission within 30 days of receiving notice



# Washington State Tribal Gaming Compact Approval Process (9.46.360)

- Commission has 45 days to act:
  - May hold public hearings
  - Vote to forward to Governor or return to Director for further negotiations
- Governor reviews and has final execution authority
- Tribe forwards to Secretary of Interior for approval





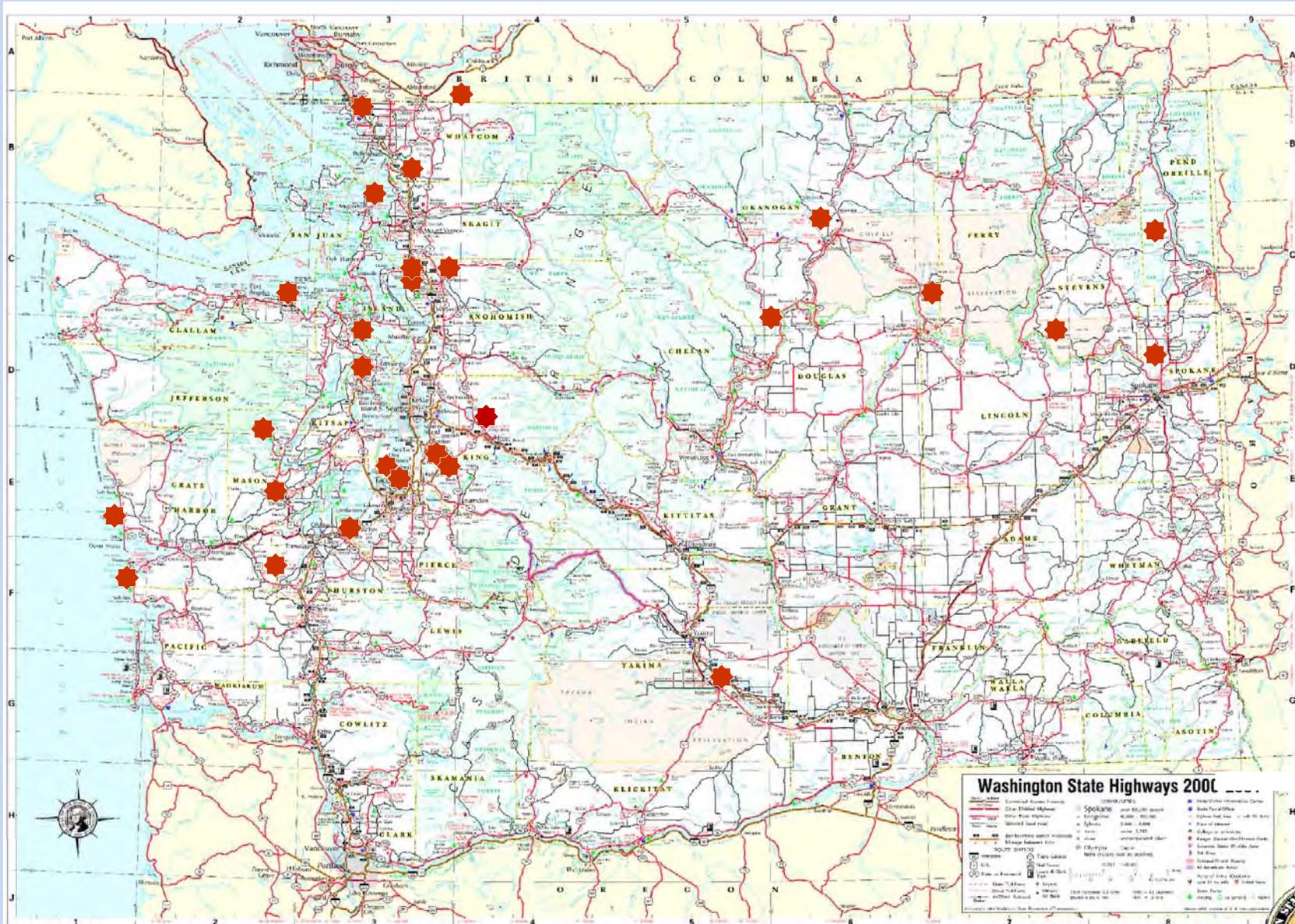
# Existing Compacts



- First Compact – August 1991
- Compacts with all 29 recognized Tribes
- 22 Tribes operate 28 Tribal casinos
- Tribal Lottery System (TLS) approved in February 1999 (Appendix X)
- Revisions to Appendix X (Appendix X2) approved in 2007



# Tribal Casino Locations



★ Casinos (28 in operation)



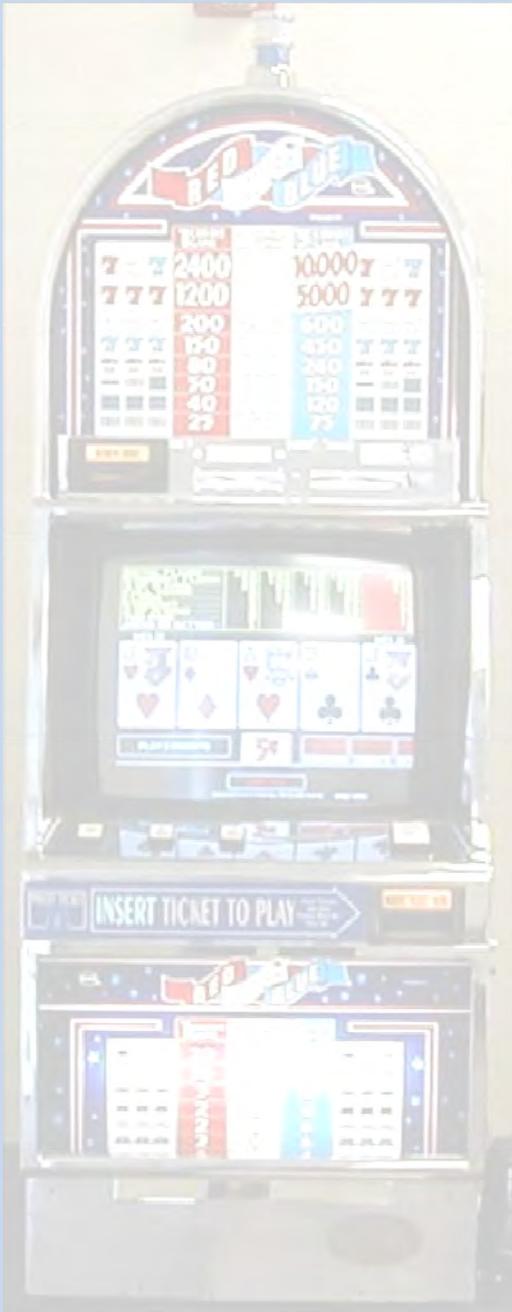
# State's Public Protection Interests

## Respect-Based Regulatory Partnership

- No criminal involvement
- Gaming conducted fairly and honestly
- Gaming limited to authorized activities
- Minimize negative community impacts on local law enforcement and emergency services



## Appendix X (1998)



- Each Tribe received an allocation of 425 player terminals
- After one year, the allocation could be increased to 675
- Each Tribe may operate a maximum of 1,500 player terminals per facility by leasing them from another Tribe's unused allocation



## Appendix X2 (2007)

- Negotiated between the State and 27 of the 29 Tribes (excluding the Spokane and Cowlitz Tribes who did not have Compacts at the time)
- The Compacts were amended simultaneously
- Each Tribe received an allocation of 975 Player Terminals
- Each Tribe may operate additional player terminals by leasing them from another Tribe's unused allocation



# Today's Proposed Compact Amendment



# 1. Restriction on Electronic Benefits Cards



All cash dispensing outlets & point of sale machines within a Tribe's gaming facilities must not accept electronic benefits cards.

*The Tribes have been following this requirement since it was enacted.*



## 2. Smoking Cessation & Problem Gambling Contribution Payments

*All contribution payment timeframes will match.*

Appendix X2 required contribution payments by the *15<sup>th</sup> day of the month* following the close of the Tribe's fiscal year.

Amendment would require each Tribe to pay within *one year* of the close of the Tribe's fiscal year, matching other required contribution timeframes.



### 3. Annual Regulatory Fees

Appendix X2 required:

- Tribes to reimburse actual costs that are reasonably incurred
- State to provide an estimate to the Tribes each year based on prior year's incurred costs
- However, Appendix X and X2 allowed credits and a 10% discount for payment in advance, and Appendix X2 allowed for alternative fee agreements

Amendment:

- Eliminates the alternative regulatory fee agreement, credits, and 10% pre-payment discount options
- Regulatory fees return to actual cost reimbursement



### **3. Annual Regulatory Fees (continued)**

**Cost Allocation** – Regulatory fees shall be set by the State’s current cost allocation model.

**Revisions to the Cost Allocation Model** – The State will provide 90 day’s notice before revising its cost allocation model.

**Audit** – The State shall give each Tribe an audited accounting of its actual costs by April 30<sup>th</sup> of the following year.



## 4. Player Terminal Allocations

Appendix X2 authorized each Tribe  
975 Player Terminals

Proposed Amendment allows each Tribe an  
allocation of 1,075 Player Terminals

*The proposal does not change the maximum  
number of machines allowed at a facility.*



## 5. Appendix X2 Addendum

Each Tribe may increase its allocation by 50 player terminals when 500 or fewer player terminals are available for lease, as follows:

- A Tribe provides the State written notice and a certification from an independent accounting firm confirming the number of player terminals available.
- Within 30 days, the State shall review the certification, verify the player terminals available for lease in the state, and provide written notification the allocation of player terminals can be increased.
- The allocation increase is limited to 1 per 12 month period.
- When a Tribe increases its allocation under this section, any other compacted Washington Tribe may receive the same increase.



# Next Steps

Today:

- Hold required public hearing
- Answer questions

At the February 13, 2015, public Commission meeting:

- Commissioners and Legislative Ex-Officios will vote. Options are to:
  - Forward proposed amendment to the Governor for review and final execution; or
  - Return the proposed amendment to the Director with instructions for further negotiation.



# Questions?

Gambling Commission Mission:



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