



STATE OF WASHINGTON
GAMBLING COMMISSION

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

May Gambling Commission Meeting Minutes

The Heathman

7801 NE Greenwood Drive Vancouver, WA 98662

Public Meeting

May 9th and 10th, 2019

Commissioners Present:

Bud Sizemore, Chair

Julia Patterson, Vice Chair

Chris Stearns

Ed Troyer

Alicia Levy

Ex Officio Members Present:

Senator Steve Conway

Representative Derek Stanford

Staff Present:

David Trujillo, Executive Director; Tina Griffin, Assistant Director; Christopher Stanley, Chief Financial Officer; Brian Considine, Legal and Legislative Manager; Julie Lies, Tribal Liaison; Heather Songer, Public Information Officer; Julie Anderson, Executive Assistant; and Suzanne Becker, Assistant Attorney General.

Public Meeting Call to Order

Chair Bud Sizemore called day one of the Gambling Commission meeting to order at 9:30 a.m. He announced that the commissioners would be going into executive session and that the estimated time for the public meeting to start was 1:30 p.m. In executive session, the commissioners will discuss litigation, pending criminal investigations and tribal negotiations.

At 1:40 p.m., **Chair Sizemore** welcomed everyone to the Heathman Lodge. He asked for a moment of silence to recognize law enforcement officers across the country and in this state who were lost in the line of duty since we last met.

Commissioner Patterson gave a tribute to Senator Margarita Lopez Prentice, former state legislator. Senator Prentice passed away April 2, 2019. Commissioner Patterson highlighted her career in the legislature and the time she served the Gambling Commission. She first served as an Ex Officio and then later she was named Commissioner for a short time. Senator Conway, Commissioner Stearns and Chair Sizemore all shared their memories of Senator Prentice. A celebration of life for the Senator will be held on May 10th.

Commissioner Patterson asked for a moment of silence for Senator Prentice.

There were 18 people in attendance.

Tab 1

Commissioner Patterson moved to approve the consent agenda as presented by staff.

Commissioner Stearns seconded the motion.

The motion was passed 5:0

Commissioner Levy moved to approve the Cowlitz and Snoqualmie certifications as presented by staff.

Commissioner Troyer seconded the motion.

The motion was passed 4:0

Commissioner Stearns abstained from the vote.

Election of Officers

Chair Sizemore asked for nominations for Chair of the Gambling Commission.

Commissioner Patterson moved to nominate Bud Sizemore as Chair of the Gambling Commission for the term beginning at the conclusion of this meeting.

There were no further nominations.

The motion passed unanimously.

Chair Sizemore asked for nominations for Vice Chair.

Chair Troyer moved to nominate Commissioner Patterson as Vice Chair of the Gambling Commission for the term beginning at the conclusion of this meeting.

There were no further nominations.

The motion passed unanimously.

Director's Report

Director Trujillo gave a brief update on the agency move. He reminded everyone that the administrative offices are located on the third floor and no longer on the fourth floor. He announced Public Service Recognition Week started on Monday. He invited commissioners to fill out "I serve because..." signs that Heather Songer will be posting on our social media.

Tab 2

Budget Discussion

Chief Financial Officer Christopher Stanley (CFO Stanley) presented the material for this tab. CFO Stanley provided budget information and asked commissioners to approve the 2020 budget as presented.

Senator Conway reminded the commission that service contracts will be higher in the coming year due to increased prices across the economic spectrum.

Chair Sizemore commented on the level of caution regarding the budget and doubling the working capital balance target to four months of reserve rather than two.

Commissioner Troyer moved to approve the 2020 Fiscal Year Budget as presented by staff.

Commissioner Levy seconded the motion.

The motion was passed 5:0

Tab 3

Petition for Poker “no limits”

Ashley Laydon, Rules Coordinator, presented the materials for this tab. Mr. Alexander Olsen (petitioner) would like to amend WAC 230-15-135, wagering limits for non-house banked card games, by removing wagering limits for poker. Mr. Olson feels that removing wagering limits on poker will attract more professional and amateur poker players to the state and increase overall casino attendance.

Chair Sizemore asked if Mr. Alexander Olsen was present. He was not.

Commissioner Stearns followed up with concerns that removing the limits for this particular class would affect the structure that we have in the state. According to Commissioner Stearns, this would essentially reclassify tribal casino card games from Class III to Class II.

Commission Troyer stated that he becomes concerned when he hears the concept of professional poker players coming into the area with no limits. He is concerned that it would cause a shift away from poker being a social game.

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

Commissioner Troyer moved to deny the petition for reasons discussed by staff.

Commissioner Stearns seconded the motion.

The motion passed unanimously.

Tab 4

Service Suppliers/Distributor License Rules

Ashley Laydon, Rules Coordinator, presented the materials for this tab. In October 2018, W.O.W. Distributing requested the repeal of WAC 230-03-225, which prohibits licensed manufacturers and distributors of punch boards and pull-tabs from also being a licensed gambling service supplier. Stakeholder meetings were convened in January and February 2019. Stakeholders are supportive of W.O.W. Distributing’s petition. Staff recommended filing the proposed language for further discussion. The petitioner was in the audience. Petitioner had nothing further to add.

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

Commissioner Stearns moved to file the proposed rule language for further discussion as presented by staff.

Commissioner Levy seconded the motion.

The motion passed unanimously.

Tab 5

Card Shuffler Cellular Network Rules

Brian Considine, Legal and Legislative Manager (LLM), and **Ashley Laydon**, Rules Coordinator, presented the materials for this tab. Bally Scientific Games (the petitioner) moved to initiate rule-making to amend current rules to allow card-shuffling devices to connect to a secure cellular network for billing purposes. This change would offer a new billing option for card shufflers in licensed card rooms. Stakeholder meetings were convened in March and April 2019. Stakeholder feedback indicated that there may be an interest in broadening the scope of this rule language once the current rule-making is finalized. However, the petition only focused on card shufflers, a cellular network, and billing data. Anything else may have Wire Act implications. Therefore, staff recommended filing the proposed language for further discussion.

Chair Sizemore asked if house-banked card room stakeholders were included in the meetings that were held. Staff indicated that they were.

Commissioner Troyer asked a clarifying question regarding billing.

LLM Considine said that the argument in the petition was that the licensee would only be billed for successful shuffles. When the shuffler is not in use, or when there are unsuccessful shuffles, the licensee wouldn't be billed. **Chair Sizemore** asked if Bally was in the audience. They were not.

Chair Sizemore asked for public comment.

Victor Mena, Owner, Washington Gold Casinos, said, “This was an idea that was brought forth by Bally to the operators several years ago as a way to offer a less expensive shuffling devices on games that don't have shufflers. There are games where we lose efficiency, time and motion in the business without the shuffler, but it becomes very cost prohibitive for smaller operators and smaller card rooms that can't afford \$600 or \$700 a month per shuffler.”

Chair Sizemore asked **Mr. Mena** if he was in support of the petition. **Mr. Mena** said, “I'd be supportive of this. I think it's something that could help.”

Commissioner Patterson moved to file the proposed rule language for further discussion as presented by staff.

Commissioner Stearns seconded the motion.

The motion passed unanimously.

Tab 6

Trade Show Rules

Ashley Laydon, Rules Coordinator, presented the materials for this tab. In January 2019, the Commission moved to initiate rulemaking to clarify the rule regarding trade shows. In February, staff identified two areas that need clarification. The first is whether devices that have not been approved by the gambling commission, but would be used for authorized activities, can be displayed at trade shows. The second is whether devices used for unauthorized activities can be displayed at trade shows. In March, commissioners moved to file draft language to address the first area needing clarification. No further comments or feedback were received and no changes have been made to that language. Staff recommended taking final action on the language, which would amend WAC 230-16-005 (transporting displaying and selling gambling equipment at trade shows) and WAC 230-16-005 (review of electronic or mechanical gambling equipment). **Chair Sizemore** asked for public comment. There was no public comment.

Commissioner Stearns moved to file the proposed rule language for further discussion as presented by staff.

Commissioner Patterson seconded the motion.

The motion passed unanimously.

Tab 7

Defaults

Legal and Legislative Manager (LLM) Brian Considine, presented the material for this tab.

Vincent Johnson, public card room employee license revocation. Commissioners voted unanimously to revoke Vincent Johnson's public card room employee license.

Chair Sizemore asked if Mr. Vincent Johnson was in the audience. He was not.

Commissioner Patterson moved to revoke the public card room employee license as presented by staff.

Commissioner Levy seconded the motion.

The motion passed unanimously. 5:0

Panya Praseuth, public card room employee license revocation. Commissioners voted unanimously to revoke Ms. Praseuth's public card room employee license.

Chair Sizemore asked if Ms. Praseuth was in the audience. She was not.

Commissioner Patterson moved to revoke the public card room employee license as presented by staff.

Commissioner Levy seconded the motion.

The motion passed unanimously. 5:0

Marcus Shin, Class III Employee Certification Revocation. Commissioners voted unanimously to revoke Mr. Marcus Shin's Class III employee certification as presented by staff.

Commissioner Stearns moved to revoke the Class III employee certification as presented by staff.

Commissioner Levy seconded the motion.

The motion passed unanimously. 5:0

Tab 8

Legislative Wrap Up

LLM Considine presented the materials for this tab. LLM Considine highlighted the 2019 legislative session with first announcing that the self-exclusion bill passed unanimously and was signed by the governor April 30. Commissioners Patterson and Stearns were present at the signing. Expect rulemaking to begin in August or September 2019. LLM Considine thanked Representative Kloba for being the prime sponsor on the bill. Commissioner Stearns thanked LLM Considine for all his hard work during the 2019 legislative session. Commissioner Stearns also mentioned that Representative Kloba was recognized at the "Focus on the Future" Problem Gambling conference he attended.

House Bill 1880, the problem gambling task force bill, was not passed but was in the budget.

House Bill 1919, the animal fighting bill passed almost unanimously and it was also signed into law. Commissioner Stearns, LLM Considine, Heather Songer, and some stakeholders were present at the signing.

House Bill 1356 concerning privileged communication with peer support group counselors passed and was signed into law. House Bill 1064 didn't pass, but LLM Considine anticipates working on the bill next session.

House Bill 1253 required additional classes at CJTC. We thought it was clearly beneficial for all law enforcement, and more classes means more opportunities for our agents to enroll. The bill wasn't passed, but it was funded in the budget. There are nine new classes, which were funded at 75% and requirements that each class have 30 members in the class. The agency plans to talk with the CJTC to get our agents in for training along with our brother and sister agencies.

LLM Considine wrapped up the 2019 legislative session with talking about the problem gambling taskforce. Chief Financial Officer (CFO) Christopher Stanley and LLM Considine were successful in getting \$100,000 in the budget for the taskforce. CFO Stanley gave a short update on the budget, he stated that there weren't any sweeps. The agency has about \$300,000 in increased central service costs and an impact of approximately \$1 million in compensation costs. The Office of the Chief Informational Officer (OCIO) says we are subject to oversight on our IT Modernization Project, as well as a feasibility study that they want us to complete this year. As part of the last-minute putting together of the budget, somehow the feasibility study dropped.

LLM Considine segued into the 2020 session and cycle. The 2020 legislation will be a short session, typically 60 days long. LLM Considine asked Commissioners to bring any topics they would like to discuss for agency request legislation to the July commission meeting. Staff will give the commissioners a list of items that they recommend for possible legislative topics. Sports betting will be a priority but unlikely to be any agency request legislation. **Chair Sizemore** announced that he would like staff to begin preparing a budget package that requests a general fund appropriation for the agency's law enforcement activities.

Other Business/General Discussion/Public Comment

Chair Sizemore announced that day two of this meeting will start at 9:00 a.m. with Sports Betting Discussion.

Gambling Commission meeting day one adjourned at 4:02 p.m.

Public Meeting Reconvened

The Gambling Commission meeting reconvened and Chair Sizemore called the Gambling Commission meeting to order at 9:12 AM.

Staff Present for Day 2:

David Trujillo, Executive Director; Tina Griffin, Assistant Director; Christopher Stanley, Chief Financial Officer; Brian Considine, Legal and Legislative Manager; Julie Lies, Tribal Liaison; Julie Anderson, Executive Assistant; and Suzanne Becker, Assistant Attorney General.

Tab 9

Sports Gambling Discussion

LLM Considine presented the material for this tab, including a PowerPoint presentation. LLM Considine provided an update on recent bills that have passed in other states and what is currently happening in states where sports gambling is now legal, including Oregon and Montana. LLM Considine also covered regulatory policy considerations, including: sport integrity laws in RCW, betting method, cost to the agency, operational models, licensing requirements, geo-fencing, and problem gambling for discussion by the commissioners and ex officio members.

There was a conversation amongst the commissioners and ex officio members about implementation of policy considerations identified during the presentation, and what House Bill 1975 and others would have accomplished if passed into law.

At the end of the discussion, **Chair Sizemore** stated that he, Director Trujillo and LLM Considine would get together to establish a sports gambling work plan for the remaining 2019 commission meetings.

Public Comment

Chair Sizemore opened the meeting up for public comments on sports gambling.

Dolores Chiechi from the Recreational Gaming Association stated that she hopes the Legislature will take a broader view on sports gambling to ensure the card room industry is included in any sports gambling legislation because they have experience in operating gambling establishments and sports gambling, including the use of kiosks, which are a good opportunity for their industry to bring people into the card rooms.

Chair Sizemore announced that a special commission meeting will be held on June 13, 2019 for executive session only. The commissioners will be discussing tribal negotiations only.

Gambling Commission meeting day two adjourned at 11:06 AM.