



STATE OF WASHINGTON
GAMBLING COMMISSION

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

September Gambling Commission Meeting Minutes

Hampton Inn and Suites
4301 Martin Way E.
Olympia, WA 98516
Public Meeting
September 12, 2019

Commissioners Present:

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

Ex Officio Members Present:

Senator Steve Conway

Staff Present:

David Trujillo, Executive Director; Tina Griffin, Assistant Director; 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 the Gambling Commission meeting to order at 9:07 a.m. and welcomed everyone to the Hampton Inn. He asked for a moment of silence to recognize law enforcement officers who were lost in the line of duty since we last met. He also read a message that was sent out from Director Trujillo, in honor of Patriot Day. Chair Sizemore announced that Commissioner Stearns would be a little late.

There were 46 people in attendance.

Tab 1

Commissioner Patterson moved to approve the consent agenda including the Class III certifications for the Snoqualmie and Cowlitz Tribes as presented by staff.

Commissioner Troyer seconded the motion.

The motion was passed 4:0

Commissioner Stearns was not present for the vote.

Director's Report

Director Trujillo read a thank you note from the Nooksack Tribal Council. In late July, Charles Hurt, Jr., Senior Tribal Attorney for Nooksack Indian Tribe was asked by the Tribal Council to "thank [our] agency staff for all their hard work. Without their efforts and good will, the Tribe would be worse off." This is in regards to the pre-operational review associated with the offering of Class III table games at Northwood Casino. Director Trujillo mentioned that Special Agent Dan Wegenast was in attendance, and it was his team that worked with the Nooksack Tribe.

Director Trujillo also shared an update on the strategic plan and the four goals the commissioners approved one year ago. The first goal is to *“Help People Suffering with Gambling Disorders.”* He stated that the Gambling Commission and the Healthcare Authority staff are working together as a team to finalize a request for proposal for a project facilitator. The Legislature will soon assign members to this task force, and once the facilitator has been secured, the work can begin. The second goal is to *“Strengthen Legislative Relationships,”* and that work has also begun. Director Trujillo said that the Gambling Commission staff are preparing to answer legislative questions regarding sports wagering and any other areas of concern. He said that staff met with the Oregon State Lottery Commission recently to discuss how they are doing in implementing a new formal sports wagering program. Staff is also planning to visit more states that are in initial phases of implementing a sports wagering program. The third goal is *“Staff Continuity and Succession Planning.”* Director Trujillo mentioned that at the last agency conference, all employees were asked the question, “What are the behavioral competencies that you would want to see in your colleagues?” All staff members were given the opportunity to provide input. Agency supervisors and managers formalized that input into a set of Gambling Commission behavioral competencies in early 2019, which were formally incorporated into the agency’s employee interim review process. The fourth goal is to *“Strengthen Stakeholder Relationships.”* Director Trujillo explained that this can be demonstrated by the agency’s increased effort to communicate externally. Over the last 12 months, there have been more stakeholder meetings regarding rule development and increased staff attendance at licensee, tribal and public events and meetings. Staff continue to place a high value on consulting with tribes on government-to-government issues.

Tab 2

Petition for Reconsideration Su-Zhen Wu

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

Chair Sizemore asked if Ms. Susan Wu was present or if she had a representative in the audience. She was not present and she didn’t have representation. **LLM Considine** addressed the Commission and presented the case. **Chair Sizemore** called for a short recess so that the commissioners could go into closed session to discuss the case.

After a 10-minute closed session, the meeting reconvened. Chair Sizemore asked if Ms. Wu had joined the meeting while the commissioners were in closed session. She had not.

Chair Sizemore announced that in the case 2019-00620, the Commission denies the petition and affirms the final order.

Tab 3

40 et 8 Voiture 99 Program Review

Special Agent (SA) Roger Sauve presented the materials for this tab. Based on the review and the licensee’s request for a waiver, staff determined that 40 et 8 Voiture 99 is suitable for continued licensure. SA Sauve was joined by 40 et 8 Voiture 99’s treasurer, Marc Lacey and its vice president, Ann Beaton, for questions. **Commissioner Stearns** inquired about the amount of bingo games held per week. **SA Sauve** said that the licensee offers eight bingo games per week.

Tab 2

Petition for Reconsideration Su-Zhen Wu continued

Ms. Su-Zhen Wu was late to the meeting. Commissioners had already voted to deny her motion and to affirm the final order revoking her license. Upon her arrival, Chair Sizemore took into consideration the traffic and allowed Ms. Wu to present her case to the Commission. **Ms. Su-Zhen Wu** represented herself in her case before the Commission. Commissioners heard testimony from Ms. Wu that she never received notice of the charges in this matter. After hearing testimony from Ms. Wu, the commissioners recessed for another closed session. After a short closed session, the meeting reconvened. **Chair Sizemore** announced that the Commission would: 1) grant her request for reconsideration; 2) vacate the order revoking her license; 3) reinstate her license; and 4) remand her case for an administrative hearing.

Tab 4

Tribal Compact Contribution

Special Agent Supervisors (SAS) Dan Wegenast and Keith Kam presented the materials in this tab. The agents presented the tribal community contributions for 2017. The revenues were accrued in 2017, the tribes made payments in 2018, and agents verified the info in 2019. In 2017, tribal contributions to the community totaled \$22,163,064.

Tab 5

Rules Up for Discussion and Possible Filing-Credit Union Raffle Packet

Rules Coordinator Ashlie Laydon presented the material for this tab. The commissioner first heard about this rule change in February 2019. At that time, staff was directed to draft rules to allow credit unions to obtain a raffle license. Current raffle and licensing rules do not distinguish credit unions from other non-profits, even though there are some differences in organizational structure. Staff has conducted stakeholder outreach efforts to draft rule language for this discussion. Staff recommends filing the proposed language for further discussion. There was no public comment.

Commissioner Stearns moved to file the proposed language for further discussion.

Commissioner Patterson seconded the motion.

The motion passed. 5:0

Tab 6

Rules Up for Discussion and Possible Filing-Credit, Loans or Gifts Prohibited

Rules Coordinator Ashlie Laydon presented the material for this tab. Ms. Laydon was joined by the petitioner, Mr. Berven, a restaurant owner and licensee from Richland, Washington. He is proposing that WAC 230-06-035 be amended to allow for the use of credit cards as another method of payment, and to allow pull-tab operators to extend credit up to \$200. Commission staff recommended initiation of rulemaking to review the use of credit cards for all licensed gambling activities. Staff recommended denying the extension of any amount of credit by operators. There was discussion by staff and the commissioners as to how credit cards and an extension of credit could be used. **Mr. Berven** explained how his proposed rule change would allow him to mirror what he does for food and beverage: waiting to run a credit card until a customer is ready for their bill, or until he is owed \$200. Staff also reminded commissioners that acceptance of the petition is not acceptance of the petitioner's proposed amended rule. Instead, they can initiate rulemaking, then, through the rulemaking process, choose how they wish to proceed. There was no public comment.

Commissioner Levy moved to accept the petition for filing and enter into rulemaking for further discussion.

Commissioner Stearns seconded the motion.

The motion passed. 5:0

Tab 7

Rocky Mountain Elk Foundation

Agent in Charge (AIC) Jim Nicks presented the materials for this tab. Grant Parker, general counsel, and Doug Doherty, Western WA regional director, for Rocky Mountain Elk Foundation (RMEF) joined AIC Nicks for the presentation. RMEF is requesting to exceed its \$300,000 annual raffle limit, for its license year ending December 2019. Gambling Commission rules require licensees to get commissioner approval prior to the end of the licensing year, as stated in WAC 230-11-067. **Mr. Parker** summarized the request and asked the commissioners to approve it. Staff recommended that commissioners approve RMEF's request to exceed the annual raffle prize limit of \$300,000.

Chair Sizemore asked for public comment. There was no public comment. Chair Sizemore requested time for closed session to discuss this issue with council. After a short recess and deliberation, the Commission reconvened. Chair Sizemore announced that the Commission would continue this request, until the certain information could be obtained, reviewed by staff, and presented to the Commission. Commissions asked to receive verification that the awarding of firearms through RMEF raffles during the previous license year complied with all applicable state and federal laws. Chair Sizemore announced that the orders would be drafted by AAG Suzanne Becker and signed shortly.

Tab 8

2020 Agency Request Legislation

LLM Considine, presented the materials in this tab. Commissioners went over the proposed agency request legislation: 1) Amending laws regarding qualified charitable nonprofit organizations; and 2) Amending the money laundering forfeiture statute to allow forfeited proceeds to be used for gambling-related law enforcement activities instead of just drug enforcement. Commissioners voted and unanimously agreed to file the 2020 agency request legislation.

Tab 9

Sports Betting Discussion and Presentation

Assistant Director (AD) Tina Griffin and LLM Considine presented the materials for this tab. AD Griffin and LLM Considine explained what types of licenses other states are issuing and explained how different types of companies fit into the sports gambling arena. They discussed upcoming travel to other states that are starting up sports betting operations. LLM Considine announced that Commissioners will see a presentation from Major League Baseball at the October commission meeting.

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

Chair Sizemore announced that the next commission meeting would be a two-day meeting and will be held at the Hampton Inn and Suites on October 10 & 11, 2019. At 1:43 pm, Chair

Sizemore announced that the commissioners would go into executive session for the purpose of discussing pending criminal investigations, tribal negotiation and litigation, and that the public meeting is expected to reconvene at 3:15 p.m.

Executive Session

At 3:15 **Julie Anderson** announced to the public that executive session would be extended 15 minutes.

Public Meeting

At 3:31 p.m., the public meeting resumed.

Chair Sizemore welcomed everyone back to the meeting and the meeting adjourned at 3:32 p.m.