WASHINGTON STATE GAMBLING COMMISSION MEETING

September 14, 2023

Olympia, Washington

COMMISSIONERS

Alicia Levy
Chair

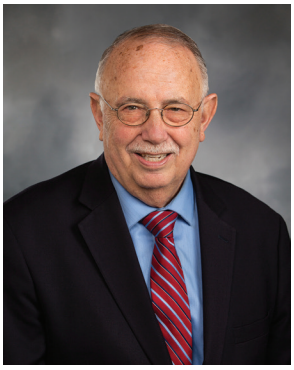
Julia Patterson
Vice Chair

Bud Sizemore

Sarah Lawson

Anders Ibsen

EX OFFICIOS



Senator
Steve Conway

Senator
Jeff Holy

Representative
Shelley Kloba

Representative
Skyler Rude

Washington State Gambling Commission
P.O. Box 42400 | Olympia, WA 98504-2400
(360) 486-3469 | (800) 345-2529 | www.wsgc.wa.gov
WAGamblingCommission **WAGambling**
wagambling

STATE OF WASHINGTON

GAMBLING COMMISSION

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

Gambling Commission Meeting Agenda

September 14, 2023

The meeting will be held virtually through Teams, and in person, at The Washington State Liquor and Cannabis Board, 1025 Union Avenue SE, Olympia, Washington 98501

To join the meeting virtually through TEAMS **Click** here

The Chair may take items out of order and the Commissioners may take action on business items.
Administrative Procedures Act Proceedings are identified by an asterisk (*)

	Thursday, September 14, 2023 **PUBLIC MEETING**
9:30 AM	**Call to Order** *Alicia Levy, Chair*
Tab 1 **Pg. 5** **Pg. 9** **Pg. 10** **Pg. 33**	***Consent agenda** **(Action)** • August 10, 2023, Commission Meeting Minutes • August 15, 2023, Special Commission Meeting Minutes • New Licenses & Class III Gaming Employees • HBCR List *Public Comment* **Director's Report** *Tina Griffin, Director*
Tab 2 **Pg. 38**	**Default** **(Action)** • Julia Meddings - CR 2023-00013 *James Richardson, Legal Manager* *Public Comment*
Tab 3 **Pg. 56**	***RULES PETITION UP FOR FINAL ACTION** **(Action)** • Qualified Sports Team *Lisa McLean, Legislative and Policy Manager* *Public Comment*
Tab 4 **Pg. 61**	***RULES PETITION UP FOR FINAL ACTION** **(Action)** • Bingo HB 1707 *Lisa McLean, Legislative and Policy Manager* *Public Comment*
Tab 5 **Pg. 66**	***RULES PETITION UP FOR FINAL ACTION** **(Action)** • Ticketing (TITO) System *Lisa McLean, Legislative and Policy Manager* *Public Comment*
Tab 6 **Pg. 208**	**PETITION TO INITIATE RULE MAKING** **(Action)** • Nonprofit Raffle Rules - Part I *Lisa McLean, Legislative and Policy Manager* *Public Comment*
Tab 7 **Pg. 219**	**PETITION TO INITIATE RULE MAKING** **(Action)**

	• Nonprofit Raffle Rules – Part II *Lisa McLean, Legislative and Policy Manager* *Public Comment*
Tab 8 **Pg. 231**	**PETITION TO INITIATE RULE MAKING** **(Action)** • Nonprofit Raffle Rules – Part III *Lisa McLean, Legislative and Policy Manager* *Public Comment*
Tab 9 **Pg. 244**	**PETITION TO INITIATE RULE MAKING** **(Action)** • Staff Raffle Rules *Lisa McLean, Legislative and Policy Manager* *Public Comment*
Tab 10 **Pg. 246**	**PETITION TO INITIATE RULE MAKING** **(Action)** • Repeal WAC 230-03-155 *Lisa McLean, Legislative and Policy Manager* *Public Comment*
	Public Comment can be provided via: • Email before the start of the meeting on September 14, 2023, to askus@wsgc.wa.gov • Microsoft Office Teams Chat Box. • By phone; or In person.
	Adjourn

STATE OF WASHINGTON

GAMBLING COMMISSION

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

August 10th, 2023
Gambling Commission Meeting Minutes
The meetings were held at the Liquor and Cannabis Board, Olympia, WA.

Commissioners:
Chair Alicia Levy – In Person
Vice Chair Julia Patterson - In Person
Bud Sizemore - In Person
Sarah Lawson – Via Teams
Anders Ibsen – Via Teams

Ex Officio Members Present:
Senator Steve Conway (Via Teams)

Staff Present:
Tina Griffin, Director; Lisa McLean, Legislative and Policy Manager; Suzanne Becker, Assistant Attorney General (AAG); George Schultz, IT; Troy Kirby, Public Information Officer; Julie Anderson, Executive Assistant; Damon Mentzer, Administrative Assistant

Staff Present Virtually:
Dan Wegenast, Agent in Charge; Jeanine Sugimoto, Special Agent; Bill McGregor, Special Agent Supervisor; Nicole Frazer, Administrative Assistant

There were three people in the audience and 34 people attended virtually.

Chair Levy welcomed everyone to the Liquor and Cannabis Board for the August meeting and called the meeting to order at 9:35 AM. She called the roll to ensure a quorum.

Tab 1
Consent Agenda
Chair Levy asked the Commissioners if they had any changes to the consent agenda. Commissioner Sizemore had one change to the July minutes regarding Tab 5, Rule-Making Hearing: Petition for Final Action – Wagering Limits for House-Banked Card Games. Commissioners Lawson and Ibsen voted to oppose the motion.

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

Commissioner Sizemore moved to approve the amended July minutes and the consent agenda as presented by staff.
Commissioner Ibsen seconded the motion.
The motion passed unanimously. 5:0

The Director's Report

Director Griffin highlighted the National Council of Legislators from Gaming States conference that was held in Denver Colorado July 12-15, 2023. Chair Levy, Commissioners Sizemore, and Patterson attended along with Director Griffin. She mentioned Representatives Stearns and Wiley were panel speakers.

Director Griffin also mentioned that Legislative and Policy Manager, Lisa McLean is working on the agency's Gambling 101 presentation that will likely occur in October 2023.

Tab 2

Petition for Reconsideration – Chanmalaty Touch, Case No. CR 2021-01221

Doug Van de Brake, AAG represented Commission staff. Mr. Francis Huguenin, attorney, represented Petitioner Touch.

Chair Levy announced that the Commissioners would not allow the evidence presented at the July 2023 commission meeting and denied the motion for reconsideration and affirm the final order.

Tab 3

Presentation – Special Olympics of Washington

Tony Czar, Special Agent (SA) presented the materials for this tab. SA Czar was joined by Mary Do, Chief Financial Officer and Mark Sinay, VP of Finance. Both Mary Do and Mark Sinay thanked the commission for their consideration in allowing the Special Olympics of Washington to conduct a "Dream Adventure Raffle".

Chair Levy asked if Commissioners had any further questions. Commissioner Sizemore asked if the Special Olympics of Washington could provide a report on cost savings next year. Mark Sinay agreed.

Chair Levy asked for public comment. There was none.

Commissioner Patterson moved to approve Special Olympics of Washington to conduct an "Dream Adventure Raffle".
Commissioner Sizemore seconded the motion.
The motion passed unanimously. 5:0

At 11:05AM Chair Levy excused the Commissioners into Executive Session to discuss current and potential agency litigation with legal counsel, including tribal negotiations.
The Commissioners reconvened the public meeting at 12:31 PM.

Chair Levy called the role to ensure a quorum.

Tab 4

Default – Sue Chen

James Richardson presented the materials for this tab.
Chair Levy asked if Sue Chen was present. She was not.

Chair Levy asked for further questions. There were none. She asked for public comment. There was none.

Commissioner Sizemore moved to revoke Sue Chen's Public Card Room Employee license; Number 68-36334 as presented by staff.
Commissioner Ibsen seconded the motion.
The motion passed unanimously. 5:0

Tab 5
Petition to Initiate Rule Making – GameWorks – Amusement Game Wager Limits
Lisa C. McLean, Legislative/Policy Manager and Rules Coordinator (LPM), presented the materials for this tab.

Chair Levy asked for further questions. There were none. She asked for public comment. There was none.

Commissioner Sizemore moved to deny the petition requesting that the Commission amend WAC-230-13-135 raising the maximum wager limit for amusement games.
Commissioner Patterson seconded the motion.
The motion passed unanimously. 5:0

Tab 6
Petition to Initiate Rule Making – Authorizing Gambling for Youth
Lisa C. McLean, Legislative/Policy Manager and Rules Coordinator (LPM), presented the materials for this tab.

Chair Levy asked for further questions. There were none. She asked for public comment. There was none.

Commissioner Patterson moved to deny the petition requesting that the Commission adopt a new rule allowing individuals under the age of 18 to gambling in card games.
Commissioner Sizemore seconded the motion.
The motion passed unanimously. 5:0

Tab 7
2024 Agency Request Legislation
Lisa C. McLean, Legislative/Policy Manager and Rules Coordinator (LPM) presented the materials for this tab. There will be no Agency Request Legislation for 2024.

Tab 8
Problem and Responsible Gambling
Tina Griffin, Director and **Roxanne Waldron, Healthcare Authority** presented the materials for this tab. Commissioners discussed the National Council of Governors in Legislative States (NCLGS) resolution and the ESSSB 5634.

Commissioner Patterson moved to endorse the National Council of Legislators in Gaming States (NCLGS) Responsible Gaming and Problem Gambling Resolution (Resolution) and direct staff to present this Resolution to the Problem Gambling Advisory Committee and ask them to keep it in the forefront of their work.
Commissioner Lawson seconded the motion.
The motion passed unanimously. 4:0
Commissioner Sizemore was not present for this vote.

Adjournment

Chair Levy asked for public comment. There was no further comments. She reminded everyone that the September 14 &15, 2023 meetings would be back at LCB.

The meeting adjourned at 2:10 PM.

STATE OF WASHINGTON

GAMBLING COMMISSION

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

August 15th, 2023
Gambling Commission Special Meeting Minutes
Gambling Commission Headquarters, 4565 7th Avenue SE, Lacey, WA.

Commissioners:
Chair Alicia Levy – Via Teams
Vice Chair Julia Patterson - Via Teams
Bud Sizemore - Via Teams
Sarah Lawson – Via Teams
Anders Ibsen – Absent

Ex Officio Members Present:

Staff Present Virtually:
Tina Griffin, Director; Lisa Benavidez, Human Resources Director and Julie Anderson, Executive Assistant

Chair Levy called the virtual meeting to order at 3:04 PM. The purpose of the meeting was to hold an executive session to review the performance of a commission employee. There was no action taken.

Adjournment
Chair Levy adjourned the meeting at 4:04 PM.

COMMISSION APPROVAL LIST
(New Licenses & Class III Gaming Employees)
September 2023

Index

PAGES:22

Based upon the licensing investigations, staff recommends approving all new Licenses and Class III employees listed on pages 1 to 22.

JL

ORGANIZATION NAME

LICENSE NUMBER PREMISES LOCATION

NEW APPLICATIONS

BINGO

FOE 04149/SKY VALLEY
00-12040 01-02828
1112 E MAIN ST
SULTAN WA 98294

NORTHSHORE SENIOR CENTER/MILL CREEK
00-24617 01-02802
4111 133RD ST SE
MILL CREEK WA 98012

RAFFLE

ABERDEEN ROTARY FOUNDATION
00-25182 02-21360
4618 VILLAGE CT SE
OLYMPIA WA 98501

BOYER CHILDREN'S CLINIC
00-25174 02-21357
135 N 35TH ST
SEATTLE WA 98103

CANCER PATHWAYS
00-25145 02-21345
1900 5TH AVE
SEATTLE WA 98101-1204

CHIEF SEATTLE COUNCIL BOY SCOUTS OF AMERICA
00-25151 02-21349
10455 NE 5TH PL
BELLEVUE WA 98004

COMMUNITY ROOTS HOUSING FOUNDATION
00-25152 02-21350
918 E DENNY WAY
SEATTLE WA 98122

HEPATITIS EDUCATION PROJECT
00-25197 02-21363
1621 S JACKSON ST
SEATTLE NA 98114

LAKE BURIEN PRESBYTERIAN CHURCH
00-25189 02-21361
15003 14TH AVE SW
BURIEN NA 98166

MACHIAS PARENT-TEACHER GROUP
00-25172 02-21355
231 147TH AVENUE SE
SNOHOMISH WA 98290

NORTHWEST CHILDREN'S FUND
00-22426 02-09092
155 N 35TH ST
SEATTLE WA 98103

OLYMPIA HUTCH GUILD
00-25109 02-21328
3636 COUNTRY CLUB ROAD NW
OLYMPIA NA 98502

PIERCE COLLEGE FOUNDATION
00-25141 02-21342
1601 39TH AVE SE
PUYALLUP WA 98674

ROTARY CLUB OF COVINGTON FOUNDATION
00-25085 02-21315
12401 SE 320TH ST
COVINGTON WA 98092

SEATTLE CHRISTIAN SCHOOL ASSOCIATION
00-23110 02-09352
18301 MILITARY RD S
SEATAC WA 98188

JL

ORGANIZATION NAME

LICENSE NUMBER PREMISES LOCATION

NEW APPLICATIONS

RAFFLE

THE HUB-YOUTH CENTRAL
00-24478 02-21058
301 ANTHES AVE
LANGLEY WA 98260

PUNCHBOARD/PULL-TAB COMMERCIAL STIMULANT

SIDE CHICK SPORTS BAR
00-25110 05-21822
845 VALLEY MALL PKWY
EAST WENATCHEE WA 98802

THE MONKEY BAR
00-25126 05-21827
1115 STATE ST
MARYSVILLE WA 98270

GAMBLING SERVICE SUPPLIER

GMI
00-25133 26-00380
22030 20TH AVE SE UNIT 101
BOTHELL WA 98021

COMMERCIAL AMUSEMENT GAMES OPERATOR

PARADISE LANES
00-25136 53-21567
12505 PACIFIC AVE S
TACOMA WA 98444

NON HOUSE-BANKED CARD GAME

PANDA INN RESTAURANT & LOUNGE
00-20642 65-07409
919 15TH AVE
LONGVIEW WA 98632

MAJOR SPORTS WAGERING VENDOR

GNOG WA LLC
10-00426 81-00018
222 BERKELEY STREET
BOSTON MA 02116

ANCILLARY SPORTS WAGERING VENDOR

BETTER COLLECTIVE USA, INC.
10-00273 83-00027
101 NE THIRD AVE
FORT LAUDERDALE FL 33301

PERSON'S NAME
LICENSE NUMBER

EMPLOYER'S NAME
PREMISES LOCATION

NEW APPLICATIONS

DISTRIBUTOR REPRESENTATIVE

GONZALEZ OTERO, LUIS F 22-01336	INTERBLOCK USA LLC LAS VEGAS NV 89119
MANKOWSKI, MICHAEL R 22-01335	INTERBLOCK USA LLC LAS VEGAS NV 89119
MONTANTE, JOSE R 22-01337	INTERBLOCK USA LLC LAS VEGAS NV 89119

MANUFACTURER REPRESENTATIVE

CHACON, MARCO A JR 23-03738	EVERI PAYMENTS INC LAS VEGAS NV 89113-2175
CHANDRAN, JAYANTHI 23-03735	LIGHT & WONDER LAS VEGAS NV 89119
CHHOUK, KRISNA P 23-00994	AGS LLC LAS VEGAS NV 89118
DILLS, GORDON J 23-03718	IGT LAS VEGAS NV 89113
DO, ALAIN T 23-03729	IGT LAS VEGAS NV 89113
ESPINOZA, FRANK 23-03720	IGT LAS VEGAS NV 89113
GAUR, MAYANK 23-03747	ARISTOCRAT TECHNOLOGIES INC LAS VEGAS NV 89135
HENGST, KEVIN J 23-03750	IGT LAS VEGAS NV 89113
KALAMA, JAIRA H 23-03749	ARISTOCRAT TECHNOLOGIES INC LAS VEGAS NV 89135
KATSMAN, SIMON L 23-03724	EVERI GAMES INC. SPRING VALLEY NV 89113
LIBERTO, PARTICIA A 23-03719	IGT LAS VEGAS NV 89113
MACDONALD, HANNAH C 23-03737	NRT TECHNOLOGY CANADA NA M1S5R3

PERSON'S NAME EMPLOYER'S NAME
LICENSE NUMBER PREMISES LOCATION

NEW APPLICATIONS

MANUFACTURER REPRESENTATIVE

MANI, NESAMANI 23-03727	LIGHT & WONDER LAS VEGAS NV 89119
MARTIN, KATHY M 23-03732	IGT LAS VEGAS NV 89113
MILLS, MICHAEL R 23-03733	LIGHT & WONDER LAS VEGAS NV 89119
NO LAST NAME, HASHNA 23-03726	LIGHT & WONDER LAS VEGAS NV 89119
NOTTER, MICHAEL D 23-03731	IGT LAS VEGAS NV 89113
PUTHUKUDI PUTHENPURAYIL, MOHAMMED SAVAD 23-03728	LIGHT & WONDER LAS VEGAS NV 89119
RIVERA, LUIS A II 23-03742	LIGHT & WONDER LAS VEGAS NV 89119
RYNDA, ROBERT J 23-03730	AGS LLC LAS VEGAS NV 89118
SETHI, RISHI 23-03748	ARISTOCRAT TECHNOLOGIES INC LAS VEGAS NV 89135
SHI, CECILY Z 23-03740	ARISTOCRAT TECHNOLOGIES INC LAS VEGAS NV 89135
SIMMONS, JUSTIN K 23-03751	EVERI PAYMENTS INC LAS VEGAS NV 89113-2175
SREENIVASULU REDDY, VAMSI KRISHNA 23-03734	LIGHT & WONDER LAS VEGAS NV 89119
TINOCO, ALBERT 23-03736	LIGHT & WONDER LAS VEGAS NV 89119
VERMA, HIMANSHU 23-03746	ARISTOCRAT TECHNOLOGIES INC LAS VEGAS NV 89135
WASHINGTON, BRIANA P 23-03739	LIGHT & WONDER LAS VEGAS NV 89119
YANG, BLON 23-03725	IGT LAS VEGAS NV 89113

PERSON'S NAME EMPLOYER'S NAME
LICENSE NUMBER PREMISES LOCATION

NEW APPLICATIONS

MAJOR SPORTS WAGERING REPRESENTATIVE

EVANS, TRAMAR D
33-00562
FANDUEL SPORTSBOOK
LOS ANGELES CA 90045

MID-LEVEL SPORTS WAGERING REPRESENTATIVE

DRAKE, LINDSEY M
34-00036
GEOCOMPLY SOLUTIONS INC.
VANCOUVER BC V6B 1A6

JELEZNIAKOV, VADIM V
34-00035
GEOCOMPLY SOLUTIONS INC.
VANCOUVER BC V6B 1A6

NON-PROFIT GAMBLING MANAGER

ANDERSON, ROBIN J
61-04839
FOE 02577
GRAND COULEE WA 99133-0079

CRAWFORD, ANGELA J
61-04857
FOE 02809
GIG HARBOR WA 98332

HOWEN, JOSHUA L
61-04855
VFW 00318
OLYMPIA WA 98506

SERVICE SUPPLIER REPRESENTATIVE

HULL, NATHAN R
63-01123
TECHNOLOGENT
IRVINE CA 92618

LOPEZ RAMIREZ, JOSE G
63-01090
TECHNOLOGENT
IRVINE CA 92618

LOVATO, SIMONETTE A
63-01121
RELIABLE SECURITY SOUND & DATA
EVERETT WA 98206-1295

MALEY, JENNIFER K
63-01125
MAVERICK WASHINGTON
KIRKLAND WA 98034

MATTHEWS, JOHN T
63-01124
TNT DEADPULLS
FEDERAL WAY WA 98023

PERSON'S NAME EMPLOYER'S NAME
LICENSE NUMBER PREMISES LOCATION

NEW APPLICATIONS

CARD ROOM EMPLOYEE

AGUILAR, KARINA 68-37349	B	CLEARWATER SALOON & CASINO EAST WENATCHEE WA 98802
ALEXANDER, DARYL W 68-37340	B	ALL STAR CASINO SILVERDALE WA 98383
ALLSHOUSE, DAVID J 68-32914	B	BUZZ INN STEAKHOUSE/EAST WENATCHEE EAST WENATCHEE WA 98802
BENAVIDEZ, JOE M III 68-37287	B	JOKER'S CASINO SPORTS BAR & FIESTACD RM RICHLAND WA 99352-4122
BUECHLER, STEVEN W 68-37279	B	ALL STAR CASINO SILVERDALE WA 98383
CHHAY, ANTHONY B 68-31836	B	ROXBURY LANES AND CASINO SEATTLE WA 98126
DELEON, JAMIE D 68-25581	B	NOB HILL CASINO YAKIMA WA 98902
DEUPREY, MELANIE D 68-37360	B	JAMESTOWN SALOON ARLINGTON WA 98223
DOAN, LYNN M 68-36620	B	SILVER DOLLAR CASINO/RENTON RENTON WA 98057
FASOLI, MIKAYLA E 68-37336	B	ZEPPOZ PULLMAN WA 99163
FEENEY, THOMAS C JR 68-37286	B	ROXBURY LANES AND CASINO SEATTLE WA 98126
FUAVAI, SAMMY SR 68-37339	B	ROXBURY LANES AND CASINO SEATTLE WA 98126
GALVAN GARCIA, MIGUEL A 68-37350	B	CLEARWATER SALOON & CASINO EAST WENATCHEE WA 98802
GARRISON, CHRISTOPHER M 68-37361	B	BLACK PEARL RESTAURANT & CARD ROOM SPOKANE VALLEY WA 99206-4719
GRACE, PAUL 68-22138	B	NEW PHOENIX LA CENTER WA 98629
HAMILTON, DOMINIQUE G 68-37338	B	MACAU CASINO TUKWILA WA 98188

PERSON'S NAME EMPLOYER'S NAME
LICENSE NUMBER PREMISES LOCATION

NEW APPLICATIONS

CARD ROOM EMPLOYEE

HARNESS, SARA A 68-37278	B	ALL STAR CASINO SILVERDALE WA 98383
HARRIS, JONATHAN C 68-37341	B	THE PALACE LA CENTER WA 98629
HENDRIX, CIDRIC M 68-37289	B	RIVERSIDE CASINO TUKWILA WA 98168
HOLBROOK, DEMI LEIGH B 68-37353	B	ALL STAR CASINO SILVERDALE WA 98383
HORNER, TODD M 68-04526	B	BLACK PEARL RESTAURANT & CARD ROOM SPOKANE VALLEY WA 99206-4719
LAL, NEHA N 68-37352	B	THE PALACE LA CENTER WA 98629
LEGGETT, JONATHAN L 68-37344	B	GREAT AMERICAN CASINO/TUKWILA TUKWILA WA 98168
LISWIG, ASHLAN N 68-37335	B	ZEPPOZ PULLMAN WA 99163
LOPEZ MARTINEZ, LIZBET 68-37362	B	SILVER DOLLAR CASINO/RENTON RENTON WA 98057
MCGAFFEY, GABRIEL M 68-37282	B	LAST FRONTIER LA CENTER WA 98629-0000
MEAS, FEONA 68-37346	B	MACAU CASINO TUKWILA WA 98188
MILLER, DAVID J 68-36185	B	HOLLYWOOD CARDROOM SHORELINE WA 98133
MURASZEWSKI, HAYDEN L 68-37351	B	ZEPPOZ PULLMAN WA 99163
NULPH, ROBERT A 68-37357	B	FORTUNE CASINO - RENTON RENTON WA 98055
PEDEBONE, KAMARIA A 68-37355	B	SILVER DOLLAR CASINO/RENTON RENTON WA 98057
PHAM, NGHI L 68-30437	B	RIVERSIDE CASINO TUKWILA WA 98168

PERSON'S NAME EMPLOYER'S NAME
LICENSE NUMBER PREMISES LOCATION

NEW APPLICATIONS

CARD ROOM EMPLOYEE

RAYMOND, YVETTE A 68-37290	B	COYOTE BOB'S CASINO KENNEWICK WA 99336
REBAR, GERAD S 68-37359	B	JOKER'S CASINO SPORTS BAR & FIESTA RICHLAND WA 99352-4122
ROBINSON, JARAD S 68-25464	B	CRAZY MOOSE CASINO II/MOUNTLAKE MOUNTLAKE TERRACE WA 98043-2463
RODRIGUEZ-LOPEZ, JOSE M 68-37284	B	IMPERIAL PALACE CASINO AUBURN WA 98002
SCHUELKE, IAN C 68-37285	B	BUZZ INN STEAKHOUSE/EAST WENATCHEE EAST WENATCHEE WA 98802
SEABROOK, DERRICK T 68-23997	B	BLACK PEARL RESTAURANT & CARD ROOM SPOKANE VALLEY WA 99206-4719
SMITH, MATHEW B 68-23281	B	COYOTE BOB'S CASINO KENNEWICK WA 99336
SMITH, TOMME J 68-37347	B	ACES POKER MOUNTLAKE TERRACE WA 98043
SPENCER, TERESA G 68-37337	B	ZEPPOZ PULLMAN WA 99163
SUTHERLAND, STANTON A 68-37288	B	CLEARWATER SALOON & CASINO EAST WENATCHEE WA 98802
SWITZER, BRYAN C II 68-36816	B	WILD GOOSE CASINO ELLENSBURG WA 98926
TRUJILLO, JEREMIE D 68-37280	B	GREAT AMERICAN CASINO/TUKWILA TUKWILA WA 98168
TRULL, CONNER E 68-37343	B	LAST FRONTIER LA CENTER WA 98629-0000
VIVAO, JOLINDA M 68-35849	B	SILVER DOLLAR CASINO/RENTON RENTON WA 98057
VON HADEN, TRACI L 68-37354	B	RIVERSIDE CASINO TUKWILA WA 98168
WESTOM, EMILY N 68-19975	B	LAST FRONTIER LA CENTER WA 98629-0000

PERSON'S NAME EMPLOYER'S NAME
LICENSE NUMBER PREMISES LOCATION

NEW APPLICATIONS

CARD ROOM EMPLOYEE

WITSOE, WARREN W 68-22726	B	CARIBBEAN CARDROOM KIRKLAND WA 98034
YOUNG, KOOPER C 68-37369	B	BUZZ INN STEAKHOUSE/EAST WENATCHEE EAST WENATCHEE WA 98802

PERSON'S NAME
LICENSE NUMBER

NEW APPLICATIONS

CLASS III GAMING EMPLOYEE

CHEHALIS CONFEDERATED TRIBES

BAKER, SHAYDEN Z
69-55501

CONTRERAZ, CORINA S
69-30836

DAWSON, CALEB J
69-19907

DODD, COOPER W
69-55503

DURAN, VICTOR H
69-42364

GROSJEAN, BENJAMIN W
69-55502

LEE, BASIL G
69-52722

MACHIN, MARCOS R
69-20513

REVAY, CODY R
69-37288

SERRANO, GILBERT
69-35292

SHELTON, CHRISTINE L
69-55415

TEODORO, JULIAN U
69-55541

THOMPSON, JENNIFER L
69-55476

ZIADY, DESTINY A
69-55500

COLVILLE CONFEDERATED TRIBES

BENJAMIN, TANYA R
69-42746

BROKENROPE, ZETTA L
69-35803

FRY, WENONA R
69-55379

JAMES ST.PIERRE, DREDON E
69-55378

MARTINEZ, ANTHONY
69-55380

NAVARRO, JONATHAN P
69-55579

PRITCHARD, JASON L
69-55377

SANCHEZ ARELLANO, JENNIFER N
69-50375

PERSON'S NAME
CERTIFICATION / ELIGIBILITY NUMBER

NEW APPLICATIONS

CLASS III GAMING EMPLOYEE

COLVILLE CONFEDERATED TRIBES

TILBURY, SILAS C
69-55376

TOULOU, SHELAINA D
69-55375

COWLITZ INDIAN TRIBE

AHLERS, ALVINA
69-55448

ALDACO, TERESA J
69-55523

AMION, STEVEN D
69-55353

BIRCHFIELD, ANNALEES L
69-55338

BRISTOW, AARON J
69-55339

CAMPOS TORRES, EDUARDO
69-55437

CASWELL, EKRAM
69-45911

CATAPANO, MICHAEL J
69-41827

CERVANTES-CAMPOS, JESUS
69-55522

DOMINES, ROBERT D
69-55566

DONEHEY, GENEVEIVE K
69-49425

DOTSON, CASEY J
69-55554

EDWARDS, PEYTON J
69-55556

FISZER, KAMILA D
69-55394

FLETCHER, TIMOTHY J
69-55322

FLING, SARA L
69-55288

FREEMAN, JUSTIN S
69-55528

HOLDAWAY, SAMUEL F
69-55372

HOPKINS, KATYA N
69-55340

HRYHORIEVA, KARYNA
69-55529

LABARBERA, LAWRENCE W
69-55336

LAPIERRE, DANIEL E
69-55555

PERSON'S NAME
CERTIFICATION / ELIGIBILITY NUMBER

NEW APPLICATIONS

CLASS III GAMING EMPLOYEE

COWLITZ INDIAN TRIBE

LEPWACH, STIVEN H
69-55510

LINKOUS, CHRISTOPHER J
69-46592

LIU, MEILAN
69-55459

LOPEZ, NINA G
69-55361

MCCALLUM, SARAH E
69-55508

MCGRAW, SCOTT N
69-55360

MEZA-GONZALEZ, JETZAEL
69-55485

MILLER, JOSHUA D
69-55289

O'DONNELL, BETHANY G
69-55423

OLIVER, DANIEL P III
69-55337

PAGE, THERESA D
69-55490

ROGERS, ALLYSON M
69-55371

RUDE, SHAWN B
69-55395

RUSSELL, SETH M
69-55362

SANCHEZ, JARED W
69-55567

SCHNEIDER, GEORGE L
69-55542

SUTTKUS, MICHELE J
69-55439

THOMPSON, ERICA J
69-41251

THURSTON, RONALD E
69-55465

TOMINES, TITA P
69-55397

VO, SERINA T
69-55438

WATKINS, AVALON R
69-55487

WAYRYNEN, KIENAN D
69-55293

WEITZEL, WILLIAM D JR
69-55540

PERSON'S NAME
CERTIFICATION / ELIGIBILITY NUMBER

NEW APPLICATIONS

CLASS III GAMING EMPLOYEE

COWLITZ INDIAN TRIBE

WILLIS, BEKKA M
69-55393

KALISPEL TRIBE

ASTERINO, MICHELLE L
69-51653

CHILDERS, AARON B
69-55435

COCCHIARELLA, CAMERON L
69-55511

FENNEN, JOZIE W
69-55488

FRALEY, DANIEL N
69-55366

GEORGE, SAMANTHA C
69-34319

GILLETTE, JESSIE T
69-55321

GINGRICH, KERI L
69-55432

HOGAN, JILL M
69-29585

HOLYOAK, DEREK S
69-44741

JAMISON, EMORY J
69-55536

LEVNO, DYLAN V
69-55320

MCCORD, ALICIA C
69-55539

MOSSBURGH, LORI A
69-55489

POE, CHRISTOPHER E
69-55512

SAGERSER, MALACHI J
69-55513

WEILAND, SHANNON C
69-55318

WELLS, LAURA A
69-55537

WILCOX, BRADLEY M
69-55538

WYNNE, RACHEAL L
69-55480

YUNKER, KIMBERLY A
69-30858

PERSON'S NAME
CERTIFICATION / ELIGIBILITY NUMBER

NEW APPLICATIONS

CLASS III GAMING EMPLOYEE

LUMMI NATION

ABRAM, KENDALE J
69-51228

AREVALO, LANDON D
69-55367

BLESSINGTON, ANDREW J
69-55583

COOPER, HAROLD J
69-55368

DANIELS, MICHAEL S III
69-55424

FLORES, ADRIAN J
69-55370

FRENCH, ERIN R
69-55481

LARSEN, MACI E
69-55580

LEE, HEATHER A
69-55425

LYNCH, KIMBERLY M
69-55582

OWENS, ROSS ANN D
69-44783

ROSARIO, KYLE E
69-55581

STRUBE, TERRANCE E
69-55584

SURO, STEVEN A
69-55369

TOM, STEVEN J
69-55334

MUCKLESHOOT INDIAN TRIBE

ANAVITATE-FONTANEZ, ROXANNE M
69-55552

BARKSDALE, JAMAL P
69-55429

BECERRA MACEDO, ESMERALDA
69-55471

ELETISE, KALALA
69-55470

ELKINS, NICHOLAS J
69-55381

FOY, KATRINA A
69-55430

GARCIA-ZAMORA, IGNACIO
69-55382

MAIFEA, TEEJAYE N
69-55550

PERSON'S NAME
CERTIFICATION / ELIGIBILITY NUMBER

NEW APPLICATIONS

CLASS III GAMING EMPLOYEE

MUCKLESHOOT INDIAN TRIBE

MORRISON, COURTNEY L
69-44330

PAGE, DAVID F
69-55548

PALMER, ALLANDREW J
69-55286

PEREZ, PEDRO
69-55431

SCHNEIDERMAN, JESSICA L
69-55383

SCOTT, SHAUN E
69-55384

SIFAGALOA KAMAUNU, LISA P
69-55385

SIOKA, ANTHONY
69-55551

TAYLOR, MELINDA
69-34023

VANDERHOFF, ERIC
69-55549

WALERY, ROBERTA M
69-55468

NISQUALLY INDIAN TRIBE

ALVARENGA-SILVA, SONIA A
69-55400

CORREA, CAMERON J
69-55544

HARP, MATTHEW B
69-10343

HOPKINS, MARK W
69-33445

HUFF, TYRONE P
69-26647

LADWIG, RHONDA E
69-45293

MORSETTE, ROBERT J
69-09991

MORTON, COLTEN T
69-55388

NGUYEN, DUY KHANG T
69-55342

PEABODY, JUSTIN M
69-55524

TUGGLE, JEFFERY E
69-55426

YOHN, MARISA R
69-55482

PERSON'S NAME

CERTIFICATION / ELIGIBILITY NUMBER

NEW APPLICATIONS

CLASS III GAMING EMPLOYEE

NOOKSACK INDIAN TRIBE

FLEISHMAN, RICHARD I
69-55359

HONCOOP-MILLER, CATHERINE A
69-55356

LEDET, CAMERON T
69-55466

LOREEN, ASHLEY M
69-55294

PORT GAMBLE S'KLALLAM TRIBE

BAUMAN, ASHIA E
69-55504

BAZE, RICHARD D
69-48896

BOWMAN, MARIAH L
69-55444

CHAPMAN, SAWYER N
69-55345

HUTCHINS, TREEBEARD O
69-55346

KELLEY, NOAH J
69-55445

PAYNE, DAVID W
69-55446

PUYALLUP TRIBE OF INDIANS

BATALLA, AGUSTIN S
69-55494

COTTON, ELYSSIA G
69-55347

CUMBERBATCH, GERVIN E
69-55495

DICKINSON, LORIBETH D
69-55493

DUNCAN, SABRINIA E
69-55496

FRANICH, LISA M
69-55447

GERMANN, SARAH R
69-55457

HUNT, AMANDA M
69-55351

JACKSON, JERRY S
69-50567

JOHNSON, CATHY L
69-55458

PERSON'S NAME

CERTIFICATION / ELIGIBILITY NUMBER

NEW APPLICATIONS

CLASS III GAMING EMPLOYEE

PUYALLUP TRIBE OF INDIANS

JONES, DARYL T
69-55348

JONES, KATARINA R
69-55326

KAMAILE, JOLYNN K
69-55344

LADWIG, RHONDA E
69-45293

MILLER, TERESITA P
69-55350

MOGES, KONJO A
69-45081

MONROE, BRENDAN Z
69-55484

NAKASHIMA, MATTHEW J
69-32470

NANGAUTA, CLARISSA A
69-55497

NELSON, ERIK J
69-55328

NEPO, JEZEMIAH T
69-55525

POSTELL, ZAMAREE R
69-55330

RAGUINDIN, PAUL J
69-55390

SMITH, TINA M
69-55349

SONGER, JANICE R
69-55398

SQUALLY, SATIVAH K
69-55327

STAMBAUGH, LUCAS G
69-55329

THONG, SAPADA R
69-36060

VASEGA, SAILIATA S
69-52916

WILSON, SERMON J
69-55474

WYENA, GRANT A
69-55389

YOUNG, TRAVIS R
69-55399

QUINAULT NATION

SANCHEZ, MICHAEL R
69-48631

SHOEMAKER, PAUL D
69-55572

PERSON'S NAME
CERTIFICATION / ELIGIBILITY NUMBER

NEW APPLICATIONS

CLASS III GAMING EMPLOYEE

QUINAULT NATION

WORTHEY, JARAH M
69-28175

SHOALWATER BAY TRIBE

CARTER, TIMOTHY L
69-55391

SWEET, SHAWNNA C
69-55507

SNOQUALMIE TRIBE

BERNAL, JUSTIN I
69-55461

BRITTON, MADISON D
69-55411

CALLAGHAN, COLIN C
69-55467

CELLI, LACEY M
69-55405

CHEN, JAMIE F
69-55403

DU, XIAO O
69-39561

DU, ZHEN
69-55412

GOMEZ, RAFAEL
69-55462

GRAHAM, DAVID A
69-55401

HANES, CHRISHAE D
69-55518

LIU, JINLIN
69-55404

LUO, XI
69-55406

MORI, MEGAN R
69-55416

NEEDHAM, ISAIAH M
69-55558

PAN, JIAHUI
69-55409

RAMSDALL, ALEENA E
69-55460

SMITH-REID, JOHNNEEKA S
69-55410

WERTH, THOMAS A JR
69-55463

PERSON'S NAME
CERTIFICATION / ELIGIBILITY NUMBER

NEW APPLICATIONS

CLASS III GAMING EMPLOYEE

SNOQUALMIE TRIBE

WISE, AARON S
69-45617

SPOKANE TRIBE

ANDERSON, BRITTNEY L
69-39811

BEST, RYAN M
69-55483

BRANDOM, ANGELIQUE D
69-55323

BROCKINGTON, NICOLE D
69-55486

BROWN, WALTER A
69-55427

BURKHART, DAWN M
69-55302

DEAN, PATRICK J
69-55325

FARNSWORTH, CHRISTOPHER M
69-55570

GORMAN, RYAN T
69-55280

GRENA, ROLAND M
69-55509

MYRICK, NORA L
69-55546

PARKER, RYAN D
69-55374

RASMUSSEN, BROOKLYNN T
69-55324

WARREN, RAYAN J
69-55303

SQUAXIN ISLAND TRIBE

BRONLEEWE, DEREK G
69-55420

DAVIS, MICHAEL W
69-55413

DECKER, DERICK J
69-55450

INGRAM, MICHAEL D
69-55417

KLADNICK, BAILEY B
69-55451

LINDLEY, JAC B
69-55553

PERSON'S NAME
CERTIFICATION / ELIGIBILITY NUMBER

NEW APPLICATIONS

CLASS III GAMING EMPLOYEE

SQUAXIN ISLAND TRIBE

LOENG, VIKI T
69-34424

MASON, DONALD E
69-55364

POHLOT, KIM M
69-55571

RAYBORN, RONALD S
69-55421

SANCHEZ, ZACHARY W
69-55341

SANTIAGO CAINS, JOEL C
69-55301

STORER, BRANDY L
69-55418

TIBEAU, RICHARD J
69-55300

TORREY, KYLEE A
69-55419

WOLD, KENNETH S
69-55436

SUQUAMISH TRIBE

BURCH, MATTHEW J
69-55373

FULTZ, ELIZABETH L
69-55569

KEMP, DANIEL K
69-55440

MCKOWN, CHERRY MAE C
69-55422

SWINOMISH INDIAN TRIBAL COMMUNITY

ANDERSON, THOMAS K
69-55516

BURNETT, ROGER A
69-55526

GROSSGLASS, HANNAH M
69-55479

KIM, SE Y
69-55517

PARTIDA, ALEXANDER
69-55319

PATTON, EMILY J
69-55477

THE TULALIP TRIBES

AGERUP, DANIEL W
69-52437

ALEXANDER, BRADLEY A
69-55433

PERSON'S NAME

CERTIFICATION / ELIGIBILITY NUMBER

NEW APPLICATIONS

CLASS III GAMING EMPLOYEE

THE TULALIP TRIBES

CAPILI, KARISSA S
69-24945

EDWARDS, CHARLIE J
69-55514

FRYBERG, KESHA L
69-46189

HANER, MICHAEL D
69-55515

JACK, BRIAN K
69-00731

JIMICUM, JAMES M
69-55304

KUHL, ROBERT H
69-55392

KUHN, HALLIE R
69-55315

MITCHELL, KIMO K
69-32328

OSTENBERG, THOMAS L
69-55535

PEPIN, CHAYCE D
69-29632

RAMOS, ELIJAH L
69-55574

RAY, CASEY J
69-55521

SEBOE, ANTHONY E
69-55396

WEAVER, DIA Y
69-55354

WRIGHT, TRAPPER J
69-55355

UPPER SKAGIT INDIAN TRIBE

BELL, LOGAN J
69-55452

BOTTS, TERESA J
69-55386

GAEBELEIN, VELENIA C
69-55527

GODEK, STANLEY G JR
69-55387

RICHARDSON, SUZANNE A
69-55442

ROSENBAUM, KOEN N
69-55543

SMITH, SAMANTHA A
69-55358

TIGNER, ALVIN B
69-55357

PERSON'S NAME

CERTIFICATION / ELIGIBILITY NUMBER

NEW APPLICATIONS

CLASS III GAMING EMPLOYEE

YAKAMA NATION

MANGUM, RHONDA S
69-55491

MARTINEZ, MARIA S
69-47878

MARTINEZ, MICHAEL W
69-55472

TOMASKIN, SHAYLA R
69-45091

WASHINES, ANDREW D
69-55492

ZUNIGA, A'IYANA J
69-55498

HOUSE-BANKED PUBLIC CARD ROOM REPORT

Licensed and Operating				37	
	City	Commission Approval Date	License Expiration Date	Org #	License #
ALL STAR CASINO	SILVERDALE	Jan 14, 1999	Jun 30, 2024	00-18357	67-00058
BLACK PEARL RESTAURANT & CARD ROOM	SPOKANE VALLEY	Jan 10, 2013	Sep 30, 2023	00-22440	67-00321
BUZZ INN STEAKHOUSE/EAST WENATCHEE	EAST WENATCHEE	Oct 10, 2002	Dec 31, 2023	00-11170	67-00183
CARIBBEAN CARDROOM	KIRKLAND	Nov 14, 2019	Sep 30, 2023	00-24515	67-00343
CASINO CARIBBEAN	KIRKLAND	Nov 14, 2019	Sep 30, 2023	00-24512	67-00341
CASINO CARIBBEAN	YAKIMA	Nov 14, 2019	Sep 30, 2023	00-24513	67-00342
CHIPS CASINO/LAKEWOOD	LAKEWOOD	Apr 8, 1999	Dec 31, 2023	00-17414	67-00020
CLEARWATER SALOON & CASINO	EAST WENATCHEE	Feb 14, 2019	Dec 31, 2023	00-24296	67-00339
COYOTE BOB'S CASINO	KENNEWICK	Jul 10, 2009	Mar 31, 2024	00-21848	67-00282
CRAZY MOOSE CASINO II/MOUNTLAKE TERRACE	MOUNTLAKE TERRACE	Jul 10, 2009	Mar 31, 2024	00-21849	67-00283
CRAZY MOOSE CASINO/PASCO	PASCO	Jul 10, 2009	Mar 31, 2024	00-21847	67-00281
FORTUNE CASINO - LACEY	LACEY	Jul 14, 2022	Mar 31, 2024	00-24868	67-00347
FORTUNE CASINO - RENTON	RENTON	Jan 8, 2015	Sep 30, 2023	00-23339	67-00327
FORTUNE CASINO - TUKWILA	TUKWILA	Oct 8, 2015	Jun 30, 2024	00-23465	67-00329
GOLDIES SHORELINE CASINO	SHORELINE	May 13, 1999	Dec 31, 2023	00-17610	67-00016
GREAT AMERICAN CASINO/EVERETT	EVERETT	Nov 12, 1998	Dec 31, 2023	00-19513	67-00194
GREAT AMERICAN CASINO/TUKWILA	TUKWILA	Jan 15, 1998	Sep 30, 2023	00-12554	67-00012
IMPERIAL PALACE CASINO	AUBURN	Jan 9, 2003	Dec 31, 2023	00-19477	67-00192
JOKER'S CASINO SPORTS BAR & FIESTA CD RM	RICHLAND	Nov 12, 1998	Dec 31, 2023	00-15224	67-00006
LANCER LANES/REST AND CASINO	CLARKSTON	Nov 13, 2008	Sep 30, 2023	00-21681	67-00276
LILAC LANES & CASINO	SPOKANE	Jul 12, 2007	Jun 30, 2024	00-21305	67-00267
MACAU CASINO	TUKWILA	Nov 14, 2019	Sep 30, 2023	00-24514	67-00344

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Licensed and Operating				37	
	City	Commission Approval Date	License Expiration Date	Org #	License #
MACAU CASINO	LAKEWOOD	Nov 14, 2019	Sep 30, 2023	00-24516	67-00345
NEW PHOENIX	LA CENTER	Oct 6, 2022	Jun 30, 2024	00-24981	67-00349
NOB HILL CASINO	YAKIMA	Sep 12, 2001	Dec 31, 2023	00-13069	67-00173
PAPAS CASINO RESTAURANT & LOUNGE	MOSES LAKE	Aug 13, 1998	Jun 30, 2024	00-02788	67-00004
RC'S AT VALLEY LANES	SUNNYSIDE	Nov 16, 2017	Mar 31, 2024	00-16220	67-00336
RIVERSIDE CASINO	TUKWILA	Aug 14, 2003	Jun 30, 2024	00-19369	67-00187
ROMAN CASINO	SEATTLE	Feb 10, 2000	Mar 31, 2024	00-17613	67-00057
ROXBURY LANES AND CASINO	SEATTLE	Nov 18, 2004	Jun 30, 2024	00-20113	67-00231
SILVER DOLLAR CASINO/MILL CREEK	MILL CREEK	Sep 9, 2010	Jun 30, 2024	00-22131	67-00302
SILVER DOLLAR CASINO/RENTON	RENTON	Sep 9, 2010	Jun 30, 2024	00-22134	67-00305
SILVER DOLLAR CASINO/SEATAC	SEATAC	Sep 9, 2010	Jun 30, 2024	00-22128	67-00299
SLO PITCH PUB & EATERY	BELLINGHAM	Aug 12, 1999	Jun 30, 2024	00-16759	67-00038
THE PALACE	LA CENTER	Apr 9, 1998	Jun 30, 2024	00-16903	67-00010
WILD GOOSE CASINO	ELLENSBURG	Apr 8, 2004	Dec 31, 2023	00-20009	67-00212
ZEPPOZ	PULLMAN	Nov 13, 2008	Mar 31, 2024	00-18777	67-00209

Licensed but Not Currently Operating				5	
	City	Commission Approval Date	License Expiration Date	Org #	License #
EMERALD DOWNS	AUBURN	May 11, 2017	Mar 31, 2024	00-23814	67-00335
GREAT AMERICAN CASINO/LAKEWOOD	LAKEWOOD	Aug 14, 2003	Jun 30, 2024	00-19258	67-00184
LUCKY DRAGONZ CASINO	SEATTLE	Mar 10, 2022	Jun 30, 2024	00-23001	67-00323
ROYAL CASINO	EVERETT	Sep 9, 2010	Jun 30, 2024	00-22130	67-00301
WIZARDS CASINO	BURIEN	Feb 11, 2010	Dec 31, 2023	00-21998	67-00287

Applications Pending				2	
	City	Commission Approval Date	License Expiration Date	Org #	License #
IMPERIAL PALACE CASINO	TUKWILA			00-24893	67-00348
RED DRAGON CASINO	MOUNTLAKE TERRACE			00-22459	67-00315

STATE OF WASHINGTON

GAMBLING COMMISSION

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

TO: **COMMISSIONERS**
Alicia Levy, Chair
Julia Patterson, Vice-Chair
Bud Sizemore
Sarah Lawson
Anders Ibsen

Ex-Officios
Senator, Steve Conway
Senator, Jeff Holy
Representative, Shelley Kloba
Representative, Skyler Rude

FROM: Tina Griffin, Director

DATE: September 14, 2023

SUBJECT: **Director's Memo**

IT Modernization Project

Our existing information technology systems are at or beyond their useful life, creating challenges concerning support, enhancements, operations, maintenance, and security. These systems include our licensing, revenue receipting, timekeeping, reporting, billing, and case management systems, which we use daily and are vital to us accomplishing our mission.

In 2020, a Feasibility Study (Study) of the IT Modernization Project (the Project) was conducted as required by the Office of Chief Information Officer. The Study explored three options: maintain status quo with existing systems, rebuild or replace the existing systems, or purchase a modernized system built around pre-existing software.

The recommended approach per the Study, based on risk and costs, was to purchase a modernized system using a standard platform. The cost estimates provided were based on staff defining business processes and requirements prior to project initiation. The project timeline was anticipated to be two years.

In April 2023, we started the business process and requirement gathering. We are using this opportunity to document, refine, and standardize current business processes so we can ensure the selection of the new system will be based on current and future business requirements. In mid-August, we expanded the number of staff involved in this process and are devoting two days a week solely to this work. The procurement phase will begin after requirements are documented, followed by an implementation phase.

It is vital that we complete the requirements gathering phase of the Project by the end of the year, as our agency risk continues to increase as we continue to rely on our legacy systems to accomplish our regulatory requirements of licensing, regulating, and enforcing the gambling in the state.

Website Redesign

The platform for our website will no longer be supported after November 30, 2023. We are working with WaTech and their consulting firm to redesign our website. Staff is diligently reviewing, updating, and writing content for our new site, which is quite extensive. This too is taking a great deal of staff time.

Impacts to Staff's Workload

Due to staff's focus on these two projects over the next four months, we will likely be slower in our overall processing timelines and will no longer be providing the following commission reports:

- "Pre-Licensing Reports" on new manufacturers, distributors, sports wagering vendors, house-banked card rooms, and electronic raffle licensees. These new licensees will be listed in "Commission Approval List of New Licensees and Class III Gaming Employees", part of the Consent Agenda.
- Summary of the House-Banked Financial Statements by fiscal year. Instead, we will post the information on the website once we've compiled the information from the documentation provided by the licensees.

STATE OF WASHINGTON
GAMBLING COMMISSION
"Protect the Public by Ensuring that Gambling is Legal and Honest"

September 14, 2023

TO: **COMMISSIONERS:**
Alicia Levy, Chair
Julia Patterson, Vice Chair
Bud Sizemore
Sarah Lawson
Anders Ibsen

FROM: James Richardson, Legal Manager, Legal and Records Division

SUBJECT: **Julia Meddings, CR 2023-00013**
Final Order – September 14, 2023 Commission Meeting

Julia Meddings has a gambling license authorizing Class III Employee activity Meddings' license is not currently linked to an employer. Her license expires on September 22, 2023.

In September 2022 Meddings submitted an online application for a Class III certification. As part of the application process, Meddings was required to disclose her criminal history, specifically being asked "Have you been arrested or charged with a crime during the past 12 months?" Meddings asserted that she had been arrested in 2006 and charged with "Narcotics", "False Name", "Going Behind Guard Lines", "Shoplifting" and "Fraud." A post certification review was conducted including a criminal history revealed Meddings was charged on September 14, 2014 with one count of Identity Fraud, one count of giving false information to a law enforcement officer, one count of possession of hydrocodone, and three counts of furnishing prohibited items to inmates.

Director Tina Griffin through Gary Drumheller issued Meddings a Notice of Administrative Charges and they were mailed, by regular mail on July 11, 2023 to her last known address on file. Pursuant to WAC 230-17-010, a response was required to be received by the Commission by August 3, 2023. Meddings declined to respond in writing but did reach out to Legal Manager James Richardson to state that she did not wish to contest the charges.

Meddings' deliberate failure to respond to the charges or timely request a hearing is a waiver of Meddings' right to a hearing in Case No. CR 2023-00013. You may take final action against her gambling license. Meddings failed to accurately and completely disclose in her criminal history to the WSGC. In doing so, Meddings is in violation of WAC 230-03-085(1), (3), (8) and 9(a) and (b). Based on her conduct, Meddings cannot show by clear and convincing evidence that she is qualified to keep her gambling license. Therefore, staff recommends that the Commission sign the proposed final order and revoke Julia Meddings' Class III Employee license, Number 69-13362.

STATE OF WASHINGTON
GAMBLING COMMISSION

In the Matter of: JULIA MEDDINGS, License No. 69-13362, Licensee.	NO. CR 2023-00013 FINAL ORDER OF THE GAMBLING COMMISSION

This matter having come before the Washington State Gambling Commission (Commission) on September 14, 2023, the Commission makes the following Findings of Fact, Conclusions of Law, and issues its Final Order:

I. FINDINGS OF FACT

1. The Washington State Gambling Commission issued Julia Meddings License No. 69-13362 authorizing Class III Employee activity for the Quinnalt tribe.

2. This license, which expires on September 22, 2023, was issued subject to Meddings' compliance with state gambling laws and Commission rules.

3. Ms. Meddings has been licensed since 2022.

4. In her application Meddings was asked "Have you been arrested or charged with a crime during the past 12 months?" to which she disclosed her criminal history, asserting her previous violations that stemmed from a 2006 incident were limited to: "Narcotics," "False Name," "Going Behind Guard Lines," "Shoplifting," and "Fraud." Ms. Meddings further asserted that all the listed charges were dismissed.

5. As part of the application process, the Washington State Gambling Commission conducted a post certification review.

6. The WSGC Licensing Specialist in charge of the review requested and received a certified copy of the court documents pertaining to the charges Ms. Meddings alluded to in her application.

7. A review of the charges indicated that on September 14, 2014, Ms. Meddings was charged with one count of identity fraud, one count of giving false information to a law enforcement officer, one count of possession of hydrocodone, and three counts of furnishing prohibited items to inmates.

8. On March 3, 2015 a final disposition: "Felony with Probation" was entered in Washington County Superior Court in Georgia reflecting that Ms. Meddings was found guilty on all six charges and sentenced to five years of probation.

9. Gary Drumheller issued Administrative Charges on behalf of Director Tina Griffin allege that Meddings' misrepresentation of her criminal history and failure to disclose her convictions fell under the jurisdiction of WAC 230-03-085(1), (3), (8), and 9(a) and (b). The charges allege Meddings' actions demonstrate a disregard for statutes and rules promulgated, that she poses a clear threat to the effective regulation of gambling.

10. Meddings was sent the charges by regular mail on July 11, 2023, and the charges were delivered within three days to the last address the Gambling Commission had on file.

11. Pursuant to WAC 230-17-010, a response was required to be received by the Commission by August 3, 2023. Prior to that date, Ms. Meddings reached out to the legal manager and stated that she did not want to pursue a legal defense regarding her license.

II. CONCLUSIONS OF LAW

1. Julia Meddings received proper notice of the charges within 3 days from July 11, 2023 via regular mail, pursuant to RCW 34.05.413, RCW 34.05.434, WAC 230-17-005, WAC 230-17-010, and WAC 10-08-130.

2. The Commission can take final action against Julia Meddings' gambling license under Case Number CR 2023-00013 pursuant to RCW 9.46.075, RCW 34.05.440(1), RCW 34.05.461, and WAC 230-03-085.

3. Julia Meddings' license should be revoked under Case Number CR 2023-00013 pursuant to RCW 9.46.075, RCW 9.46.153(1), RCW 34.05.440(1), RCW 34.05.461, and WAC 230-03-085.

III. ORDER

This matter having come before the Commission at its September 14, 2023, Commission meeting, the Commissioners having heard arguments, been given the chance to review the administrative record, and being fully advised in this matter, now therefore:

It is hereby **ORDERED** that Julia Meddings' gambling license, Number 69-13362, is **REVOKED**.

DATED this __ day of September, 2023.

_____ _____

ALICIA LEVY, Chair JULIA PATTERSON, Vice Chair

_____ _____

BUD SIZEMORE ANDERS IBSEN

_____

SARAH LAWSON

NOTICE

Reconsideration: RCW 34.05.470 and WAC 230-17-140 provide that a party may file a petition for reconsideration of a final order. A petition for reconsideration must be received no later than thirteen (13) days after the date this final order is mailed. Any motion for reconsideration must state the specific grounds supporting the party's request for reconsideration.

Stay of Final Order: Filing for reconsideration does not stay the effectiveness of this Order. WAC 230-17-145 provides that a party may petition the Commission for a stay of a final order. Any petition for a stay should be received by the Commission within thirteen (13) days after the date this final order is mailed.

Judicial Review: RCW 34.05.542 provides that a party may appeal this final order by filing a petition for judicial review within thirty (30) days after service of this order. A petition for judicial review must be filed with the appropriate superior court and served upon both the Commission and the Office of the Attorney General.

Service: This Order was served on you three days after it was deposited in the United States Postal Service regular mail, excluding the date of mailing. WAC 230-17-035.

Any motions or petitions for judicial review should be served on or mailed to:

Washington State Gambling Commission
Legal and Records Division
4565 7th Avenue S.E., Lacey, WA
P.O. Box 42400
Olympia, WA 98504-2400

Doug Van de Brake
Attorney General's Office
1135 Washington St. SE
P.O. Box 40100
Olympia, WA 98504-0100

CERTIFICATE OF SERVICE

I certify that on the date below I served a copy of the foregoing document on all parties and/or their counsel by United States Postal Service regular mail to the following:

JULIA A MEDDINGS
34 PARADISE AVE
ELMA, WA 98541

EXECUTED this ___ day of September, 2023, at Lacey, Washington.

Rashida Robbins
Forms and Records Analyst

STATE OF WASHINGTON
GAMBLING COMMISSION

July 10, 2023

Julia A Meddings
34 Paradise Ave
Elma, WA 98541

Subject: Administrative Charges

- Enclosed is a Notice of Administrative Charges issued by the Director of the Gambling Commission alleging you have violated gambling rules and your license may be denied.

What should I do?

- To discuss settlement options and to preserve your right to a hearing, you must complete and sign the attached Hearing Request Form.

- We must receive your Hearing Request within 23 days from the date the charges were mailed.

What happens once I send in the Request for Hearing?

- Once we receive your hearing request, we will contact you about settling your case. If we cannot settle the case, a hearing will be scheduled.

What happens if I do NOT return the Hearing Request?

- If you do NOT return the hearing request form on time, an Order of Default suspending your license will be presented to the Commission, with no further notice to you.

You must submit your hearing request on time. If you have questions, please call (360) 742-4705, or e-mail james.richardson@wsgc.wa.gov.

Sincerely,

James Richardson

James Richardson
Legal Manager

Enclosures

Important Notice of
Administrative Charges against Gambling License or Class III Certification

The Director of the Gambling Commission has sent a Notice of Administrative Charges against you or your employee. A copy of the charges has been sent with this notice.

Information for Licensees and Certified Employees Named in Administrative Charges

- You have the right to a hearing. The Request for Administrative Hearing and Interpreter form MUST be completed by the charged individual/entity and *received* by us either within 23 days from the date the Charges were mailed via regular mail or within 20 days from the date you receive the Charges by certified mail or personal service.
- If the form is not received on time, your license/certification can be revoked (cancelled) and you will be unable to work or conduct gambling activities.
- You may continue to work or operate gambling activities until a final order is issued in your case.

Information for Employers

- Our records show the employee named in the charges is a current or former employee. This is a courtesy copy of the charges; you need not respond.

If you have questions, please call (360) 742-4705, or e-mail james.richardson@wsgc.wa.gov.

STATE OF WASHINGTON
GAMBLING COMMISSION

In the Matter of:	NO. CR 2023-00013
JULIA A. MEDDINGS License No. 69-13362, Class III Employee	NOTICE OF ADMINISTRATIVE CHARGES

These administrative charges are brought under and in accordance with Chapter 9.46 RCW, the Washington State Gambling Act, Chapter 34.05 RCW, the Administrative Procedure Act, Title 230 WAC, Rules adopted by the Gambling Commission, and the Quinault Tribe-State Compact.

I. LICENSE

1. The Washington State Gambling Commission (WSGC) issued Licensee Julia A. Meddings a Class III Employee certification, License No. 69-13362, authorizing employment for the Quinault Tribe at the Quinault Beach Resort and Casino.

2. This certification, which expires on September 22, 2023, was issued subject to Meddings' compliance with state gambling laws and Commission rules in accordance with the Quinault Tribal-State Gaming Compact.

II. FACTUAL BACKGROUND

1. In September 2022, Meddings submitted an online application for a Class III certification.

Washington State Gambling Commission
4565 7th Avenue S.E., Lacey, WA 98503
P.O. Box 42400
Olympia, WA 98504

2. As part of the application process, Meddings was asked "Have you been arrested or charged with a crime during the past 12 months?" to which she disclosed her criminal history, asserting her previous violations that stemmed from a 2006 incident were limited to: "Narcotics," "False Name," "Going Behind Guard Lines," "Shoplifting," and "Fraud." Meddings further asserted that all the listed charges were dismissed.

3. Meddings completed the application by electronically signing the Oath of Applicant, which includes the following language:

> I declare under penalty of perjury, under the laws of the state of Washington, that all the answers and statements are true, correct, and complete. I understand that untruthful or misleading answers are cause for denial of my application and / or revocation of any certification granted. I agree to notify the Tribal / State Gaming Agency if any information required on this application and / or my Personal / Criminal History Statement, changes or becomes inaccurate in any way. I understand that if I fail to make such notification, it may constitute grounds for detail, suspension, or revocation of my temporary or permanent state certification. I further understand that the State Gaming Agency (Washington State Gambling commission) may revoke, suspend, or deny a state certification for any reason(s) it deems to be in the public interest under the provisions of Chapter 9.46 of the Revised Code of Washington.

4. WSGC conducted a post certification review after Meddings submitted the application. The WSGC Licensing Specialist in charge of the review requested and received a certified copy of the court documents pertaining to the charges against Meddings.

5. A review of the charges indicated that on September 14, 2014, Ms. Meddings was charged with one count of identity fraud, one count of giving false information to a law enforcement officer, one count of possession of hydrocodone, and three counts of furnishing prohibited items to inmates.

6. On March 3, 2015 a final disposition: "Felony with Probation" was entered in Washington County Superior Court in Georgia reflecting that Meddings was found guilty on all six charges and sentenced to five years of probation.

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P.O. Box 42400
Olympia, WA 98504

7. Meddings did not disclose any information regarding the 2015 convictions relating to identity fraud, giving false information to a law enforcement officer, a violation of the Georgia Controlled Substances Act, and three counts of furnishing prohibited items to inmates in her Class III Employee application.

8. Based on the above information, Meddings did not accurately represent her history of criminal convictions. Meddings would have been found ineligible if she had properly disclosed the above deferred felony conviction under RCW 9.46.075(4).

III. BASIS FOR REVOCATION

1. Meddings has been convicted of identity fraud, giving false information to a law enforcement officer, a violation of the Georgia Controlled Substances Act, and three counts of furnishing prohibited items to inmates.

2. Due to her misrepresentation of the above charges on her Class III Employee application, Meddings misrepresented her criminal history to the WSGC. Section V.C. of the Tribal State Compact states that the WSGC may revoke, suspend, or deny a certification under the provisions of RCW 9.46.075 and rules promulgated thereunder when an applicant for or holder of a certification:

a. (1) Is determined to be a person, who because of prior activities, criminal record, if any, or reputation, habits and associations, poses a threat to the effective regulation of gaming or creates or enhances the changes of unfair or illegal practices, methods and activities, being used in the conduct of the Gaming Activities pursuant to this Compact;
b. (3) Has failed to provide information reasonably required to investigate the application for state certification or to reveal any fact which the applicant or holder knows or should reasonably know is material to such application or has furnished any information which is untrue or misleading in connection with such application.

3. RCW 9.46.075 states the WSGC can revoke a certification for any reason it deems to be in the public interest. RCW 9.46.075(1) states that failure to comply with the provisions, requirements, conditions, limitations or duties imposed by chapter 9.46, or any

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P.O. Box 42400
Olympia, WA 98504

rules adopted by the Commission is grounds to revoke. RCW 9.46.075(3) states obtaining a license by fraud, misrepresentation, concealment, or though inadvertence or mistake is grounds to revoke. RCW 9.46.075(4) states a conviction, whether a felony or misdemeanor, involving crimes of moral turpitude is grounds to revoke. RCW 9.46.075(7) states that the commission may revoke any license or permit issued by it where the applicant or licensee makes a misrepresentation of, or fails to disclose, a material fact to the commission. RCW 9.46.075(8) states failure to prove by clear and convincing evidence the necessary qualifications for certification is grounds to revoke.

4. WAC 230-03-085(1) states that the commission may deny, suspend, or revoke any application, license or permit, when the applicant, licensee, or anyone holding a substantial interest in the applicant's or licensee's business or organization commits any act that constitutes grounds for denying, suspending, or revoking licenses or permits under RCW 9.46.075. WAC 230-03-085(3) states that the commission may deny, suspend, or revoke any application, license or permit, when the applicant, licensee, or anyone holding a substantial interest in the applicant's or licensee's business or organization has demonstrated willful disregard for complying with ordinances, statutes, administrative rules, or court orders, whether at the local, state, or federal level. WAC 230-03-085(8) states that the commission may deny, suspend, or revoke any application, license or permit, when the applicant, licensee, or anyone holding a substantial interest in the applicant's or licensee's business or organization fails to provide the WSGC with any information required under commission rules within the time required, or, if the rule establishes no time limit, within 30 days after receiving a written request from the WSGC. WAC 230-03-085(9)(a-b) states that the commission may deny, suspend, or revoke any application, license or permit, when the applicant, licensee, or anyone holding a substantial interest in the applicant's or licensee's business or organization poses a threat to the effective regulation of gambling as demonstrated by prior activities or criminal record.

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P.O. Box 42400
Olympia, WA 98504

5. Meddings misrepresented her criminal history as she failed to properly disclose that she has been convicted of identity fraud, giving false information to a law enforcement officer, a violation of the Georgia Controlled Substances Act, and three counts of furnishing prohibited items to inmates. Thus, Meddings obtained Class III certification through fraud, misrepresentation, or concealment.

6. Meddings demonstrated disregard for the statutes and rules promulgated above by providing false or misleading information to the commission in her application.

7. Meddings has demonstrated through her prior activities and criminal record that she poses a threat to the effective regulation of gambling.

8. Meddings has failed to prove by clear and convincing evidence that she continues to qualify for certification.

9. The Commission is authorized to revoke Julia A. Meddings' Class III Employee license pursuant to Section V.C. of the Tribal State Compact, RCW 9.46.075(1), (3), (4), (7), and (8), and WAC 230-03-085(1), (3), (8), and (9)(a-b).

IV. REVOCATION

1. The above-referenced findings are a sufficient basis for revocation of Julia A. Meddings' Class III Employee License.

2. Based on the facts and violations referenced above, the penalty for Julia A. Meddings' actions is **REVOCATION** of her Class III Employee License.

I have read this Notice of Administrative Charges, know the contents of it, believe it to be true, and have executed this Notice in my capacity as Director of the Washington State Gambling Commission.

DocuSigned by:
Gary Drumheller
8E8993B8572D46E...

GARY DRUMHELLER
for
TINA GRIFFIN, DIRECTOR
Washington State Gambling Commission

6/30/2023
Date

Washington State Gambling Commission
4565 7th Avenue S.E., Lacey, WA 98503
P.O. Box 42400
Olympia, WA 98504

HEARING NOTICE

You have the opportunity to request a hearing to contest the Commission's decision to revoke your public card room employee license. To request a hearing and/or discuss settlement options, the Commission must receive the enclosed hearing request form within 23 days from date of our mailing identified below. ***Failure to return the enclosed hearing request will result in a default order revoking your license.***

Washington State Gambling Commission
4565 7th Avenue S.E., Lacey, WA 98503
P.O. Box 42400
Olympia, WA 98504

CERTIFICATE OF SERVICE

I certify that on the date below I served a copy of the foregoing document on all parties or their counsel by United States Postal Service regular and certified mail to the following:

JULIA A MEDDINGS
34 PARADISE AVE
ELMA, WA 98541

EXECUTED this 11 day of ~~June~~ July, 2023, at Lacey, Washington.

Rashida Robbins
Administrative Assistant

Washington State Gambling Commission
4565 7th Avenue S.E., Lacey, WA 98503
P.O. Box 42400
Olympia, WA 98504

Important Notice

This is an important notice about your gambling license. If you do not respond, you may lose your license and be unable to work. If you have questions about these papers, please call (360) 486-3471. Please call an attorney if you have legal questions.

ອັນນີ້ ແມ່ນ ໃບ ແຈ້ງ ການ ສຳ ຄັນ ກ່ຽວ ກັບ ໃບ ອະ ນຸ ຍາດ ການ ຜະ ນັນ ຂອງ ທ່ານ. ຖ້າ ທ່ານ ບໍ່ ຕອບ ມາ, ທ່ານ ຈະ ເສັ ຽ ໃບ ອະ ນຸ ຍາດ ຂອງ ທ່ານ ແລະ ຈະ ບໍ່ ສາ ມາດ ທີ່ ຈະ ເຮັ ດ ວຽ ກ ໄ ດ້. ຖ້າ ທ່ານ ມີ ຄຳ ຖາມ ກ່ຽວ ກັບ ເ ຈ້ ຍ ຫ ລ່ ານ ີ້, ກະ ລຸ ນາ ໂ ທ ຫາ (360) 486-3471. ກະ ລຸ ນາ ໂ ທ ຫາ ທະ ນາ ຍ ຄວາ ມ ຖ້ າ ທ ານ ມີ ຄ ຳ ຖ ານ ດ ້ ານ ກ ິ ດ ໝ ານ.

Laotian Translation

Đây là thông báo quan trọng về giấy phép hành nghề cờ bạc của quý vị. Nếu quý vị không hồi đáp, quý vị có thể bị mất giấy phép và không thể làm việc. Nếu quý vị có thắc mắc gì về những giấy tờ này, xin gọi số (360) 486-3471. Xin liên lạc với luật sư nếu quý vị có thắc mắc liên quan đến vấn đề pháp lý.

Vietnamese Translation

본 내용은 귀하의 갬블링 라이센스에 대한 중요한 고지 사항입니다. 회신을 하지 않을 경우 라이센스가 취소되고 영업(업무)을 할 수 없게 됩니다. 본 문건과 관련하여 문의 사항이 있으면(360) 486-3471번으로 연락해 주십시오. 법률 관련 질문이 있으신 경우 변호사에게 문의해 주십시오.

Korean Translation

以下是有关您的博彩业执照的重要通知。如果您不回复，您可能会失去执照，并无法工作。如果您对这些文件 有疑问，请电洽(360) 486-3471。如果您有法律方面的问题，请打电话向律师咨询。

Chinese Translation

Это важное извещение, касающееся вашей лицензии на осуществление деятельности по организации и проведению азартных игр. Если вы не ответите на него; вы можете потерять свою лицензию и не сможете продолжить работу. Если у вас есть вопросы по поводу этих документов, позвоните по телефону (360) 486-3471. С вопросами юридического характера обратитесь к адвокату.

Russian Translation

Este es un aviso importante acerca de su licencia para juegos de azar. Si usted no responde, puede perder su licencia y no podrá trabajar. Si tiene preguntas acerca de estos documentos, llame al (360) 486-3471. Por favor llame a un abogado si tiene preguntas legales.

Spanish Translation

នេះគឺជាសេចក្តីជូនដំណឹងសំខាន់អំពីអាជ្ញាប័ណ្ណអាជីវកម្មល្បែងស៊ីសងរបស់អ្នក។ បើអ្នកមិនឆ្លើយតបវិញទេ អ្នកអាចនឹងបាត់បង់អាជ្ញាប័ណ្ណរបស់អ្នក ហើយនឹងមិនអាចធ្វើការបានទេ។ បើអ្នកមានសំណួរនានាអំពីក្រដាសទាំងនេះ សូមហៅទូរស័ព្ទទៅលេខ (360) 486-3471។ សូមហៅទូរស័ព្ទទៅមេធាវីម្នាក់ បើអ្នកមានសំណួរនានាផ្នែកច្បាប់។

Khmer Translation

STATE OF WASHINGTON
GAMBLING COMMISSION

In the Matter of the Revocation of the License to Conduct Gambling Activities of:	)	NO. CR 2023-00013
JULIA A. MEDDINGS, License No. 68-13362	)	**REQUEST FOR ADMINISTRATIVE HEARING AND INTERPRETER**
Licensee.	)	

Please read this notice carefully.

This is an important notice, which determines whether you will have the right to a hearing in this matter. If you have any questions regarding your legal rights, you should contact an attorney.

If you have general questions about the hearings process, contact Legal Manager, James Richardson, at (360) 742-4705 or e-mail james.richardson@wsgc.wa.gov.

What do I need to do?

1. To discuss settlement options and to keep your right to a hearing, you MUST complete and sign this form, then return it within 23 days from the date of mailing the Notice of Administrative Charges.

You may mail it to:

Washington State Gambling Commission
Attention: Legal and Records Division
P. O. Box 42400, Olympia, Washington 98504-2400

2. Place a check mark next to the statement(s) that describe your requests in this matter.

_____ **I** want the opportunity to discuss settlement options and keep the right to a hearing.

_____ **I** do **NOT** want a hearing. I understand this may result in a Default Order for the revocation of my gambling license.

3. Current address and contact information.
Address _____

_____

Phone number _____

E-mail address _____

Please initial here_____ if you would like to receive further contact and documents by E-mail only.

4. _____ I will be represented by an attorney.
Name _____
Address _____
_____
Phone Number _____

***Please have your attorney send the Commission a Notice of Appearance within 10 days.**

5. You may attach a letter or a statement explaining your position in this matter.

_____ YES, letter or a statement attached.
_____ NO, letter or a statement is not attached.

How do I request an interpreter?

You have the right to have an interpreter for your administrative hearing, if you or any witness you call to testify, is a limited English-speaking person or a hearing-impaired person. This service is free of charge.

Place a check mark next to the statement(s) that describe your requests in this matter.

_____ **NO,** I will **NOT** require an interpreter.

_____ **YES,** I will require an interpreter for the _____ language.

_____ I will require an interpreter for a hearing impairment.

_____ I will be calling a limited English-speaking witness who will require an interpreter in the _____ language.

_____ I will be calling a hearing-impaired person as a witness who will require an interpreter.

If you do not understand these documents, you are strongly encouraged to contact an attorney.

To request a hearing, you MUST complete, sign, date, and mail this form to the Washington State Gambling Commission as set out on page 1. Failure to do so will result in a waiver of your rights to a hearing in this matter and **may lead to the revocation (taking) of your gambling license,** under RCW 34.05.400 and WAC 230-17-010.

Dated this _____ day of _____, 2022.

SIGN HERE

_____

Rule Petition to Amend
WAC 230-03-138 – Defining "qualified sports team."

SEPTEMBER 2023 – Public Comment and Final Action
JULY 2023 – Discussion and Possible Filing
MAY 2023 – Commission Review
APRIL 2023 – Rule-Making Petition Received

Tab 3: SEPTEMBER 2023 Commission Meeting	**Statutory Authority 9.46.070**

Who Proposed the Rule Change?

Andy Billig, on behalf of Spokane Chiefs Hockey Club, Spokane, WA

Background

BOLD = Changes made after July 2023 Commission Meeting

In January 2020, the major league sports teams in Washington state petitioned the Gambling Commission for changes to the rules to allow for electronic 50/50 raffles operated by their affiliated nonprofit foundations. After much work and deliberation, the Commission adopted rules responsive to the petition in November 2021. In the two-year-long discussion about adoption of the new and amended rules, there was explicit mention of reasoning for limiting electronic 50/50 raffles to "qualified sports teams" defined as "major league or highest level team organized in Washington state." At the time, the limitation was intended to enable the Commission to work with a limited number of teams to ensure that it had devised adequate rules and internal controls to regulate this activity properly. The first electronic 50/50 raffles launched in September 2022 with the beginning of the NFL season and, in October, for the NHL season.

On behalf of the Spokane Chiefs Hockey Club, Andy Billig of Spokane, WA has now submitted a petition to amend WAC 230-03-138 to expand the definition of a "qualified sports team" to include the four teams of the affiliated professional minor league baseball and the four teams of the Western Hockey League. This change would allow charitable or nonprofit organizations established by or directly affiliated with these sports teams to apply for a license to operate electronic raffles.

Currently, the rule (WAC 230-03-138) defines "qualified sports team" as major league or highest level team organized in Washington State and excludes "lower level teams, including, but not limited to, minor, farm, or development league teams." The petitioner suggests adding minor league baseball and major junior hockey and eliminating the exclusion.

The petitioner feels this change is needed for several reasons:

- To ensure fairness by enabling all teams and communities in Washington state to operate electronic 50/50 raffles, which are easier and more efficient than traditional 50/50 raffles.
- To help all spectator sports teams in Washington state, as well as their fans and the players, to benefit from the electronic 50/50 raffle.
- To allow the communities where these teams exist to benefit from the charitable efforts that flow from the electronic 50/50 raffle proceeds.

Adopting the petitioner's suggested change may enable an additional eight nonprofits affiliated with in-state teams to engage in electronic 50/50 raffles.

At the May 2023 Commission meeting, Commissioners agreed to initiate rule making on the petition for further discussion.

At the July 2023 Commission meeting, the petitioner clarified that they currently operate 50-50 raffles and are simply asking to operate electronic 50-50 raffles for greater efficiency. Commissioners got clarity on which teams this change would apply to, which include the four Western Hockey League teams located in Everett, Seattle, Spokane, and the Tri-Cities and four MLB-affiliated Minor League Teams located in Everett, Spokane, Tacoma, and the Tri-Cities. Finally, it was confirmed that the electronic raffle activity pays into the problem gambling fund when gross receipts are $50,000 or more. After the discussion, Commissioners authorized staff to file draft rule language for further consideration.

Attachments:

- Petition
- Proposal for amending WAC 230-03-138

Staff Recommendation

Staff recommends that the Commission take final action after holding a public hearing with an effective date 31 days after filing with the Office of the Code Reviser.

McLean, Lisa (GMB)

From: no-reply@wsgc.wa.gov on behalf of Washington State Gambling Commission via Washington State Gambling Commission <no-reply@wsgc.wa.gov>
Sent: Tuesday, April 25, 2023 9:37 AM
To: Rules Coordinator (GMB)
Subject: Request a Rule Change Submission from wsgc.wa.gov

External Email

Submitted on Tuesday, April 25, 2023 - 9:37am Submitted by anonymous user: 98.203.179.180 Submitted values are:

Petitioner's Name: Andy Billig on behalf of the Spokane Chiefs Hockey Club Mailing Address: 700 W. Mallon
City: Spokane
State: WA
Zip Code: 99203
Phone: 5099909219
Email: abillig@brettsports.com
Rule Petition Type: Amend Rule – I am requesting WSGC to change an existing rule.
==Amend Rule – I am requesting WSGC to change an existing rule.==
List rule number (WAC) if known: WAC 230-03-138
I am requesting the following change: We are requesting that that WAC 230-03-138 be amended to include all Minor League Baseball and Major Junior Hockey teams. Specifically, we are requesting that the last line of this WAC ("This does not include lower-level teams including, but not limited to, minor, farm, or development league teams") be deleted and "Minor League Baseball" and "Major Junior Hockey" be added to the list of allowable leagues. Further, if the commission felt a further limitation were needed so it was restricted only to large sporting events, it would be possible to also add a minimum for the number of seats for the facilities where teams play. That limitation could be written as, "An eligible team must play a majority of its home games in a facility with a minimum capacity of no less than 3000 people."
This change is needed because: This change is needed for fairness. It does not make sense that some teams and communities in our state would have access to electronic 50/50 while others do not. The change will help all spectator sports teams in Washington state, their fans and players to benefit from electronic 50/50, which comes with much greater efficiency and ease compared to traditional 50/50. Most importantly, this change will allow the communities where these teams exist to benefit from the charitable efforts that flow from the 50/50 proceeds.
The effect of this rule change will be: The effect of this rule change will be to allow the option for all Professional and Major Junior teams that play in large facilities in our state to use electronic 50/50 raffles and their communities will benefit from the charitable efforts that flow from the 50/50 proceeds.

The results of this submission may be viewed at:
https://gcc02.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwsgc.wa.gov%2Fnode%2F18%2Fsubmission%2F3995&data=05%7C01%7Crules.coordinator%40wsgc.wa.gov%7C0dc7eda6e5c84696f8e608db45ab5d07%7C11d0e217264e400a8ba057dcc127d72d%7C0%7C0%7C638180374528940956%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C3000%7C%7C%7C&sdata=qioji2F%2BPT0NHLKMKl2bxKrCO8y8o1TSrHWLBIZn6xk%3D&reserved=0

AMENDATORY SECTION (Amending WSR 21-21-079, filed 10/18/21, effective 11/18/21)

WAC 230-03-138 Defining "qualified sports team." "Qualified sports team" as used in WAC 230-03-153 means a Major League or highest-level team organized in Washington state as a member of Major League Baseball, National Hockey League, National Football League, National Basketball Association, Women's National Basketball Association, Major League Soccer, ((~~or~~)) National Women's Soccer League, Professional MLB-affiliated Minor League teams, or the Western Hockey League. ((~~This does not include lower-level teams including, but not limited to, minor, farm, or development league teams.~~))

Staff Proposed Rule Making
WAC 230-10-460 – Shared bingo facilities.

SEPTEMBER 2023 – Public Comment and Final Action
JULY 2023 – Discussion and Possible Filing
MAY 2023 – Initiate Rule Making

Tab 4: SEPTEMBER 2023 Commission Meeting Agenda.	**Statutory Authority 9.46.070**

Who Proposed the Rule Change?

Washington State Gambling Commission Staff

Background

BOLD = Changes made since July 2023 Commission Meeting

On April 20, 2023, Governor Jay Inslee signed HB 1707 (an act relating to bingo conducted by bona fide charitable and nonprofit organizations) into law with an effective date of July 23, 2023. The bill amends RCW 9.46.0205, removing the limitation on conducting bingo only in the county in which the organization is principally located. Now, a bona fide charitable or nonprofit organization must only be principally located in the state of Washington and may not be approved for more than three licenses to conduct bingo activities.

The statutory change necessitates an amendment to WAC 230-10-460 regarding shared bingo facilities to bring it into line with the statute as amended. The fifth paragraph of the WAC reads: "(5) Locate their head office or principal location in the same county where they operate bingo, or as otherwise defined in RCW 9.46.0205."

The attached revised WAC deletes the fifth paragraph.

At the July 2023 Commission meeting, Commissioners directed staff to file the revised draft rule language for further discussion.

Attachments:

- Revised WAC 230-10-460
- House Bill 1707 An Act relating to bingo conducted by bona fide charitable and nonprofit organizations.

Staff Recommendation

Staff recommends that the Commission take final action after holding a public hearing with an effective date 31 days after filing with the Office of the Code Reviser.

AMENDATORY SECTION (Amending WSR 07-10-033, filed 4/24/07, effective 1/1/08)

WAC 230-10-460 Shared bingo facilities. Multiple bingo licensees must enter into a written agreement before sharing a facility. Before operating in a shared facility, licensees must:

(1) Send us written notification of intent to share facilities at least ((~~thirty~~)) 30 days before operating bingo in a shared facility. The notification must include, at least:

(a) The name of all organizations sharing the facility; and

(b) Names and signatures of the highest ranking officer for each organization involved; and

(c) Copies of any written agreements between organizations; and

(d) The method used to share expenses.

(2) Maintain management over their individual gambling activities.

(3) Be solely responsible for their individual records, inventory, management, equipment, and operation of the gambling activities for which they hold a license.

(4) Complete a separate quarterly activity report according to the gambling receipts and expenses it is responsible for under the terms of the written agreement between the licensees.

((~~(5) Locate their head office or principal location in the same county where they operate bingo, or as otherwise defined in RCW 9.46.0205.~~))

CERTIFICATION OF ENROLLMENT

HOUSE BILL 1707

68th Legislature
2023 Regular Session

Passed by the House March 4, 2023
Yeas 96 Nays 0

Speaker of the House of Representatives

Passed by the Senate April 6, 2023
Yeas 44 Nays 1

President of the Senate

Approved

Governor of the State of Washington

CERTIFICATE

I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **HOUSE BILL 1707** as passed by the House of Representatives and the Senate on the dates hereon set forth.

Chief Clerk

FILED

Secretary of State
State of Washington

HOUSE BILL 1707

Passed Legislature - 2023 Regular Session

State of Washington 68th Legislature 2023 Regular Session

By Representatives Kloba, Reed, and Eslick

Read first time 02/01/23. Referred to Committee on Regulated Substances & Gaming.

AN ACT Relating to bingo conducted by bona fide charitable or nonprofit organizations; and amending RCW 9.46.0205.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

Sec. 1. RCW 9.46.0205 and 2002 c 369 s 1 are each amended to read as follows:

"Bingo," as used in this chapter, means a game ((~~conducted only in the county within which the organization is principally located~~)) in which prizes are awarded on the basis of designated numbers or symbols on a card conforming to numbers or symbols selected at random and in which no cards are sold except at the time and place of ((~~said~~)) the game, when ((~~said~~)) the game is conducted by a bona fide charitable or nonprofit organization, or if an agricultural fair authorized under chapters 15.76 and 36.37 RCW, which does not conduct bingo on more than twelve consecutive days in any calendar year, and except in the case of any agricultural fair as authorized under chapters 15.76 and 36.37 RCW, no person other than a bona fide member or an employee of said organization takes any part in the management or operation of said game, and no person who takes any part in the management or operation of said game takes any part in the management or operation of any game conducted by any other organization or any other branch of the same organization, unless approved by the

commission, and no part of the proceeds thereof inure to the benefit of any person other than the organization conducting said game. ((~~For the purposes of this section, the organization shall be deemed to be principally located in the county within which it has its primary business office. If the organization has no business office, the organization shall be deemed to be located in the county of principal residence of its chief executive officer: PROVIDED, That any organization which is conducting any licensed and established bingo game in any locale as of January 1, 1981, shall be exempt from the requirement that such game be conducted in the county in which the organization is principally located~~)) The bona fide charitable or nonprofit organization must be principally located in the state of Washington and may not be approved for more than three licenses to conduct bingo activities.

--- END ---

Rule Petition to Amend
WAC 230-03-200 Defining "gambling equipment."
WAC 230-15-150 Selling and redeeming chips.
WAC 230-15-280 Surveillance requirements for house-banked card games.
WAC 230-15-500 Accounting for table inventory.
WAC 230-15-505 Selling gambling chips to players.
WAC 230-15-553 Defining "cash equivalent."
WAC 230-15-585 Using drop boxes.
WAC 230-15-615 Conducting the count.
WAC 230-15-620 Concluding the count.

Rule Petition for New Rules
WAC 230-15-755 "Ticketing (TITO) system" defined.
WAC 230-15-758 "Ticket" defined.
WAC 230-15-761 "Invalid Ticket" defined.
WAC 230-15-764 "TITO-enabled bill validator" defined.
WAC 230-15-767 "Ticket redemption kiosk" defined.
WAC 230-15-770 Ticket requirements.
WAC 230-15-773 Requirements for ticket validation system.
WAC 230-15-776 Requirements for TITO-enabled bill validators.
WAC 230-15-779 Requirements for drop boxes/cassettes in TITO-enabled bill validators.
WAC 230-15-782 Requirements for ticket redemption kiosks.

September 2023 – Public Comment and Final Action
July 2023 – Discussion and Possible Filing
January 2022 – Commission Review
November 2021 – Rule-Making Petition Received

Tab 5: SEPTEMBER 2023 Commission Meeting Agenda.	**Statutory Authority 9.46.070**

Who Proposed the Rule Change?

Tim Merrill, Maverick Gaming from Kirkland, Washington

Background

BOLD = Changes made after July 2023 Commission Meeting.

Tim Merrill of Maverick Gaming in Kirkland, Washington is proposing to amend a number of rules to allow for the use of ticket-in/ticket-out using the iDROP kiosk device in card room to purchase and redeem tickets for table games play. According to the petitioner, iDROP enables players to purchase chips directly at the live gaming table from the dealer and brings ticket-in/ticket-out to live gaming tables, thus allowing players move directly from live game to live game without having to go to the cage cashier. Players are able to cash out at any time on the live gaming table and receive their money in ticket form, paid out by the iDROP kiosk. The iDROP bill acceptor system allows for easy accounting and verification of all cash in and out at each live gaming table, transaction history can be viewed in real time in the event that a customer dispute arises, and decreases the threat of counterfeit bills because every bill is verified using the iDROP bill acceptor. The petitioner also feels that manipulation in the count room would become impossible.

The petitioner feels this change is needed because this change would allow card rooms the ability to validate and count the drop on live table games using real time data for efficient reporting of revenue. The

petitioner feels there will be an increase in security because the funds will always be in secure boxes. The use of tickets will allow for a quick and secure count by having tickets to validate from data already collected at the table games. Lastly, the petitioner feels this will help combat the passing of counterfeit bills by using a ticket-in/ticket-out device on the table games to validate all bills for authenticity.

The petitioner feels the effect of this rule change would allow the use of tickets and kiosk system instead of only allowing the purchase of chips using cash and the redemption of chips at the cage.

If the petition is accepted, our card room and manufacturer rules will need to be amended and additional new rules will need to be adopted.

At the January 2022 Commission meeting, Commissioners agreed to initiate rule making in response to the petition. Staff raised some policy concerns, but they had also not received and evaluated the equipment being discussed. Once staff did receive the equipment, they spent a number of months studying the Ticket In Ticket Out (TITO) device to understand how it worked and developed a set of rules that addressed the policy concerns raised by staff in January 2022. Staff did not test whether application of the proposed rules would be compatible with the machine provided by the petitioner. Instead, the comprehensive set of proposed new and amended rules define these types of devices and their components and set out requirements and procedures for the use of these types of devices.

In September 2022, the Commission consulted with stakeholders and tribal partners on this petition, as well as two other petitions. Of the 14 licensees at the meeting, there was support for the petition because it would help create efficiencies, streamline accounting processes, and reduce workload. Licensees also felt that it would aid in anti-money laundering compliance and detection of counterfeit currency. Tribal partners expressed concerns that use of the device could be considered an expansion of gambling, was outside the legislative intent, and could be a challenge for problem gamblers.

At the July 2023 meeting, Commissioners authorized staff to file draft rule language. One rule was amended to require a problem gambling message be printed on the ticket.

The draft rules will not eliminate cash from card rooms; cash would still be needed to buy in. The primary function of the TITO will enable players to move from table to table without moving the chips, which should simplify fill and credit procedures.

Attachments:

- Petition
- **Proposed amended and new rules as filed**
- Maverick Powerpoint presentation from January 2022 Commission Meeting
- Transcript from January 2022 Commission discussion on this rule petition

Policy Considerations

Staff have the following policy concerns:

- While this equipment could reduce criminal behavior, such as the passing of counterfeit bills and theft, we are unsure how the use of iDROP will impact anti-money laundering efforts;
- Ability to maintain a closed system;
- Other impacts or changes use of this equipment would bring to the card room operation, such as count room procedures, accounting, elimination of the cage, etc.
- The security and integrity of the equipment; and
- Connectivity to the card room's accounting systems.

Having received and evaluated the TITO device, staff believe that the amended and new rules adequately address the concerns they raised in January 2022.

Problem Gambling Implications

Staff reached out to the Evergreen Council on Problem Gambling for feedback. Assistant Director Tana Russell confirmed that there was some research that supports the idea that the farther a person is removed from the value of their standard currency, the easier it is to overspend, particularly when gambling.

Some articles on the impact of cashless systems on problem gambling include:

- Cashless Gaming Could Increase Problem Gambling, Advocates Say | GamblingCompliance | VIXIO
- What is the impact of cashless gaming on gambling behaviour and harm? (responsiblegambling.vic.gov.au)
- Cashless gambling and the pain of paying: effects of monetary format on slot machine gambling (tandfonline.com)

In August, the staff reached out to the state's problem gambling program manager Roxane Waldron for feedback. Her feedback is contained in the attached email.

Attachments:

- **Email from Problem Gambling Program Manager Roxane Waldron**
- Cashless Gaming Could Increase Problem Gambling, Advocates Say
- What is the impact of cashless gaming on gambling behaviour and harm?
- Cashless gambling and the pain of paying: effects of monetary format on slot machine gambling

Staff Recommendation

Staff recommends that the Commission take final action after holding a public hearing with an effective date 31 days after filing with the Office of the Code Reviser.

Laydon, Ashlie (GMB)

From: no-reply@wsgc.wa.gov on behalf of WSGC Web <no.reply@wsgc.wa.gov>
Sent: Thursday, November 11, 2021 11:42 AM
To: Rules Coordinator (GMB)
Subject: Request a Rule Change Submission from wsgc.wa.gov

External Email

Submitted on Thursday, November 11, 2021 - 11:41am Submitted by anonymous user: 50.237.113.162 Submitted values are:

Petitioner's Name: Tim Merrill
Mailing Address: 12530 NE 144th ST
City: Kirkland
State: WA
Zip Code: 98034
Phone: 4252641050
Email: TM@maverickgaming.com
Rule Petition Type: Amend Rule – I am requesting WSGC to change an existing rule.
==Amend Rule – I am requesting WSGC to change an existing rule.==
List rule number (WAC) if known: WAC 230-15-553 Defining "cash equivalent., WAC 230-15-100 Providing cards and chips in card games., WAC 230-15-145 Making wagers
I am requesting the following change:
Allow the use of ticket in ticket out using the iDROP kiosk device, in card rooms, to purchase and redeem tickets for table games play.
IDROP enables players to purchase chips directly at the live gaming table from the dealer. It also brings ticket-in, ticket-out to live gaming tables. Thus, players can move directly from live game to live game without having to go to the cage cashier. Players can cash out anytime on the live gaming table and receive their money in ticket form – paid out by the iDROP.

Players can cash out their tickets at a kiosk at any time.

The iDROP is simple to use and it provides direct, real-time information on the drop to the casino. The iDROPs are particularly of benefit on tables where players buy in larger amounts.

The iDROP bill acceptor system allows for easy accounting and verification of all cash in and cash out at each live gaming table.

The transaction history can be viewed in real time in the event of any customer disputes.

30 bills or tickets can be inserted into the iDROP bill acceptor.

Manipulation in the count room becomes impossible.

The threat of counterfeit bills is minimal because every bill is verified using the iDROP bill acceptor.
This change is needed because: First, this change would allow the cardrooms the ability to validate and count the drop on live tables games using real time data for efficient reporting of revenue. There will be an increase in security because the funds will be always secure in boxes. The use of tickets will allow for a quick and secure count by having tickets to validate from data already collected at the table games. Lastly, this will help to combat the passing of counterfeit bills by using a TITO device on the table games to validate all bills for authenticity, count the bills and print a ticket.
The effect of this rule change will be: Allowing the use of tickets and kiosk system instead of only allowing the purchase of chips using cash and the redemption of chips at the cage.

The results of this submission may be viewed at:
https://gcc02.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.wsgc.wa.gov%2Fnode%2F18%2Fsubmission%2F2930&data=04%7C01%7Crules.coordinator%40wsgc.wa.gov%7Cdbacafa5e9fa4c02ebdc08d9a54b4c85%7C11d0e217264e400a8ba057dcc127d72d%7C0%7C0%7C637722565115927667%7CUnknown%7CTWFpbGZsb3d8eyJWIjoiMC4wLjAwMDAiLCJQIjoiV2luMzIiLCJBTiI6Ik1haWwiLCJXVCI6Mn0%3D%7C1000&sdata=jl%2B1QTihyCFNh9q5RmVx%2BSSZTzyXeIosZ8JDB7wISPo%3D&reserved=0

AMENDATORY SECTION (Amending WSR 23-11-108, filed 5/19/23, effective 6/19/23)

WAC 230-03-200 Defining "gambling equipment." "Gambling equipment" means any device, gambling-related software, expendable supply, or any other paraphernalia used as a part of gambling or to make gambling possible. "Gambling equipment" includes, but is not limited to:

(1) Amusement games;

(2) Punch boards and pull-tabs;

(3) Devices for dispensing pull-tabs;

(4) Electronic devices for conducting, facilitating, or accounting for the results of gambling activities including, but not limited to:

(a) Components of a tribal lottery system;

(b) Electronic devices for reading and displaying outcomes of gambling activities; and

(c) Accounting systems that are a part of, or directly connected to, a gambling system including, but not limited to:

(i) Bet totalizers; or

(ii) Progressive jackpot meters; or

(iii) Keno systems;

(5) Bingo equipment;

(6) Electronic raffle systems;

(7) Devices and supplies used to conduct card games, fund-raising events, recreational gaming activities, or Class III gaming activities, as defined in the Indian Gaming Regulatory Act at U.S.C. 25 chapter 29 § 2703 and in tribal-state compacts including, but not limited to:

(a) Gambling chips;

(b) Cards;

(c) Dice;

(d) Card shuffling devices;

(e) Graphical game layouts for table games;

(f) Ace finders or no-peek devices;

(g) Roulette wheels;

(h) Keno equipment; and

(i) Tables manufactured exclusively for gambling purposes;

(8) Debit card reading devices used at gambling tables to sell chips to players;

(9) Ticket in ticket out (TITO) systems to include, but are not limited to:

(a) TITO-enabled bill validators;

(b) Ticket redemption kiosks.

AMENDATORY SECTION (Amending WSR 23-11-108, filed 5/19/23, effective 6/19/23)

WAC 230-15-150 Selling and redeeming chips. Card game licensees must:

(1) Sell chips and redeem chips at the same value; and

(2) Sell chips for cash at gambling tables. Provided that house-banked card game licensees may allow players to use debit cards to purchase chips at house-banked card game tables in accordance with WAC 230-15-506 and 230-15-507. Provided further that house-banked card game licensees may allow players to purchase chips at gambling tables with valid tickets generated by TITO-enabled bill validators; and

(3) Keep all funds from selling chips separate and apart from all other money received; and

(4) Not extend credit to a person purchasing chips, including to card room employees playing cards.

AMENDATORY SECTION (Amending WSR 23-11-108, filed 5/19/23, effective 6/19/23)

WAC 230-15-280 Surveillance requirements for house-banked card games. House-banked card game licensees must use a closed circuit television system (CCTV) to closely monitor and record all gambling activities and areas, including, at least:

(1) Each table, including:

(a) Cards; and

(b) Wagers; and

(c) Chip tray; and

(d) Drop box openings; and

(e) Table number; and

(f) Card shoe; and

(g) Shuffling devices; and

(h) Players; and

(i) Dealers; and

(j) Debit card reading devices at gambling tables; and

(k) TITO-enabled bill validators at tables and the cashier's cage; and

(l) Ticket redemption kiosks; and

(2) The designated gambling areas; and

(3) The cashier's cage, including:

(a) Outside entrance; and

(b) Fill/credit dispenser; and

(c) Customer transactions; and

(d) Cash and chip drawers; and

(e) Vault/safe; and

(f) Storage cabinets; and

(g) Fill or credit transactions; and

(h) Floor; and

(4) The count room, including:

(a) The audio; and

(b) Count table; and

(c) Floor; and

(d) Counting devices; and

(e) Trolley; and
(f) Drop boxes; and
(g) Storage shelves/cabinets; and
(h) Entrance and exit; and
(5) The movement of cash, gambling chips, and drop boxes; and
(6) Entrances and exits to the card room.

AMENDATORY SECTION (Amending WSR 23-11-108, filed 5/19/23, effective 6/19/23)

WAC 230-15-500 Accounting for table inventory. (1) House-banked card game licensees must establish procedures to ensure proper accounting for chips and coins stored at gambling tables, known as the "table inventory."

(2) Licensees must not add or remove chips or coins from the table inventory except:

(a) In exchange for cash from players; or

(b) In exchange for debit card transactions from players according to WAC 230-15-506; or

(c) In exchange for tickets generated by TITO-enabled bill validators; or

(d) To pay winning wagers and collect losing wagers made at the gambling table; or

((~~(d)~~)) (e) In exchange for chips received from a player having an equal total face value (known as "coloring up" or "coloring down"); or

((~~(e)~~)) (f) In compliance with fill and credit procedures.

AMENDATORY SECTION (Amending WSR 23-11-108, filed 5/19/23, effective 6/19/23)

WAC 230-15-505 Selling gambling chips to players. House-banked card game licensees must accurately account for all chips, debit card transaction receipts, tickets generated by TITO-enabled bill validators, and cash when they sell chips to players. Licensees must sell chips only at the gambling table.

AMENDATORY SECTION (Amending WSR 08-03-062, filed 1/14/08, effective 2/14/08)

WAC 230-15-553 Defining "cash equivalent." "Cash equivalent" means a:

(1) Treasury check; or
(2) Personal check; or
(3) Traveler's check; or
(4) Wire transfer of funds; or
(5) Money order; or
(6) Certified check; or

(7) Cashier's check; or

(8) Check drawn on the licensee's account payable to the patron or to the licensee; or

(9) Voucher recording cash drawn against a credit card or debit card; or

(10) Tickets generated by TITO-enabled bill validators.

AMENDATORY SECTION (Amending WSR 23-11-108, filed 5/19/23, effective 6/19/23)

WAC 230-15-585 Using drop boxes. (1) House-banked card game licensees must use a drop box to collect all cash, tickets redeemed by TITO-enabled bill validators, chips, coins, debit card transaction receipts, requests for fill, fill slips, requests for credit, credit slips, and table inventory forms.

(2) The dealer or the floor supervisor must deposit these items in the drop box.

AMENDATORY SECTION (Amending WSR 23-11-108, filed 5/19/23, effective 6/19/23)

WAC 230-15-615 Conducting the count. (1) All house-banked card room licensees must have a three person count team except as set forth in subsections (2) and (3) of this section. The three person count team must conduct the count as follows:

(a) The contents of drop boxes must not be combined before the count team separately counts and records the contents of each box; and

(b) As each drop box is placed on the count table, a count team member must announce the game, table number, and shift, if applicable, loudly enough to be heard by all persons present and to be recorded by the audio recording equipment; and

(c) A count team member must empty the contents onto the count table; and

(d) Immediately after the contents are emptied onto the count table, a count team member must display the inside of the drop box to the closed circuit television camera, and show it to at least one other count team member to confirm that all contents of the drop box have been removed. A count team member must then lock the drop box and place it in the drop box storage area; and

(e) Count team member(s) must separate the contents of each drop box into separate stacks on the count table by denominations of coin, chips, and cash and by type of form, record, or document; and

(f) At least two count team members must count, either manually or mechanically, each denomination of coin, chips, cash, ((~~and~~)) debit card transaction receipts, and tickets redeemed by TITO-enabled bill validators separately and independently. Count team members must place individual bills and coins of the same denomination ((~~and~~)), debit card transaction receipts, and tickets redeemed by TITO-enabled bill validators on the count table in full view of the closed circuit television cameras, and at least one other count team member must observe and confirm the accuracy of the count orally or in writing; and

(g) As the contents of each drop box are counted, a member of the count team must record the total amount of coin, chips, cash, ((~~and~~)) debit card transaction receipts, and tickets redeemed by TITO-enabled bill validators counted (the drop) on the master games report; and

(h) If a cage cashier has recorded the opener, closer, fill slips, and credit slips on the master game report before the count, a count team member must compare the series numbers and totals recorded on the master game report to the fill slips, credit slips, and table inventory slips removed from the drop boxes, confirm the accuracy of the totals, and must record, by game and shift, the totals we require on the master game report. Otherwise, the count team must complete all required information on the master game report; and

(i) The accounting department may complete the win/loss portions of the master game report independently from the count team if this is properly documented in the approved internal controls.

(2) The two person count team for licensees with card game gross gambling receipts of less than ((~~$5 million~~)) $5,000,000 in their previous fiscal year must conduct the count as follows:

(a) The contents of drop boxes must not be combined before the count team separately counts and records the contents of each box; and

(b) As each drop box is placed on the count table, a count team member must announce the game, table number, and shift, if applicable, loudly enough to be heard by all persons present and to be recorded by the audio recording equipment; and

(c) A count team member must empty the contents onto the count table; and

(d) Immediately after the contents are emptied onto the count table, a count team member must display the inside of the drop box to the closed circuit television camera, and show it to at least one other count team member to confirm that all contents of the drop box have been removed. A count team member must then lock the drop box and place it in the drop box storage area; and

(e) A count team member must separate the contents of each drop box into separate stacks on the count table by denominations of coin, chips, and cash and by type of form, record, or document; and

(f) One count team member must count, either manually or mechanically, each denomination of coin, chips, cash, ((~~and~~)) debit card transaction receipts, and tickets redeemed by TITO-enabled bill validators separately and independently. The count team member must place individual bills and coins of the same denomination ((~~and~~)), debit card transaction receipts, and tickets redeemed by TITO-enabled bill validators on the count table in full view of the closed circuit television cameras, and the other count team member must observe and confirm the accuracy of the count orally or in writing; and

(g) As the contents of each drop box are counted, a member of the count team must record the total amount of coin, chips, cash, ((~~and~~)) debit card transaction receipts, and tickets redeemed by TITO-enabled bill validators counted (the drop) on the master games report; and

(h) As the count is occurring, a surveillance employee must record in the surveillance log the total chips cash, ((~~and~~)) debit card transaction receipts, and tickets redeemed by TITO-enabled bill validators counted for each drop box and the announcement by the count team of the combined dollar count of all drop boxes; and

(i) If a cage cashier has recorded the opener, closer, fill slips, and credit slips on the master game report before the count, a count team member must compare the series numbers and totals recorded on the master game report to the fill slips, credit slips, and table

inventory slips removed from the drop boxes, confirm the accuracy of the totals, and must record, by game and shift, the totals we require on the master game report. Otherwise, the count team must complete all required information on the master game report; and

(j) The accounting department may complete the win/loss portions of the master game report independently from the count team if this is properly documented in the approved internal controls.

(3) The two person count team for licensees with card game gross gambling receipts between ((~~$5 million and $15 million~~)) $5,000,000 and $15,000,000 in their previous fiscal year and use a currency counter must conduct the count as follows:

(a) The currency counter to be used must meet the following requirements:

(i) Automatically provides two separate counts of the funds at different stages in the count process. If the separate counts are not in agreement during the count process and the discrepancy cannot be resolved immediately, the count must be suspended until a third count team member is present to manually complete the count as set forth in subsection (1) of this section until the currency counter is fixed; and

(ii) Displays the total bill count and total dollar amount for each drop box on a screen, which must be recorded by surveillance.

(b) Immediately prior to the count, the count team must verify the accuracy of the currency counter with previously counted currency for each denomination actually counted by the currency counter to ensure the counter is functioning properly. The test results must be recorded on the table games count documentation and signed by the two count team members performing the test; and

(c) The currency counter's display showing the total bill count and total dollar amount of each drop box must be recorded by surveillance during the count; and

(d) The contents of drop boxes must not be combined before the count team separately counts and records the contents of each box; and

(e) As each drop box is placed on the count table, a count team member must announce the game, table number, and shift, if applicable, loudly enough to be heard by all persons present and be recorded by the audio recording equipment; and

(f) A count team member must empty the contents onto the count table; and

(g) Immediately after the contents are emptied onto the count table, a count team member must display the inside of the drop box to the closed circuit television camera, and show it to the other count team member to confirm that all contents of the drop box have been removed. A count team member must then lock the drop box and place it in the drop box storage area; and

(h) Count team member(s) must combine all cash into one stack and separate the contents of each drop box into separate stacks on the count table by denomination of coin and chips, by type of form, record, or document; and

(i) Count team members must place all of the cash from a drop box into the currency counter which will perform an aggregate count by denomination of all of the currency collected from the drop box; and

(j) One count team member must count each denomination of coin, chips, ((~~and~~)) debit card transaction receipts, and tickets redeemed by TITO-enabled bill validators separately and independently by placing coins and chips of the same denomination on the count table in full view of the closed circuit television cameras, and the other

count team member must observe and confirm the accuracy of the count orally or in writing; and

(k) As the contents of each drop box are counted, a member of the count team must record the total amount of coin, chips, cash, ((~~and~~)) debit card transaction receipts, and tickets redeemed by TITO-enabled bill validators counted (the drop) on the master games report; and

(l) As the count is occurring, a surveillance employee must record in the surveillance log the currency counter accuracy information in (b) of this subsection, currency verification amount, debit card transaction receipt amount, ticket redemption amount, total bill and dollar count of each drop box and the announcement by the count team of the combined dollar count of all drop boxes; and

(m) If a cage cashier has recorded the opener, closer, fill slips, and credit slips on the master game report before the count, a count team member must compare the series numbers and totals recorded on the master game report to the fill slips, credit slips, and table inventory slips removed from the drop boxes, confirm the accuracy of the totals, and must record, by game and shift, the totals we require on the master game report. Otherwise, the count team must complete all required information on the master game report; and

(n) The accounting department may complete the win/loss portions of the master game report independently from the count team if this is properly documented in the approved internal controls.

AMENDATORY SECTION (Amending WSR 23-11-108, filed 5/19/23, effective 6/19/23)

WAC 230-15-620 Concluding the count. (1) After the count team finishes their count, the cage cashier or accounting department employee must verify the contents of the drop boxes.

(2) In the presence of the count team and before looking at the master game report, the verifier must recount the cash, coin, chips, ((~~and~~)) debit card transaction receipts, and tickets redeemed by TITO-enabled bill validators either manually or mechanically.

(3) The verifier must sign the master game report verifying that the cash and debit card transaction receipt counts are accurate.

(4) Each count team member must sign the report attesting to the accuracy of the information recorded.

(5) After the report is signed, the master game report must be taken directly to the accounting department, along with the debit card transaction receipts, requests for fills, the fill slips, the requests for credit, the credit slips, tickets redeemed by TITO-enabled bill validators, and the table inventory slips removed from drop boxes. The cage cashiers must not be allowed access to any of these records.

TICKET IN TICKET OUT (TITO) SYSTEM REQUIREMENTS IN HOUSE-BANKED CARD ROOMS

NEW SECTION

WAC 230-15-755 "Ticket in ticket out (TITO) system" defined. For the purposes of this chapter, "ticket in ticket out (TITO) system" refers to electromechanical devices equipped with a ticket in ticket out (TITO) enabled bill validator and a ticket validation system that allows for the reporting issuance, validation, and acceptance of tickets.

NEW SECTION

WAC 230-15-758 "Ticket" defined. For the purposes of this chapter, a "ticket" means an encoded paper ticket or voucher dispensed by an approved TITO-enabled bill validator.

NEW SECTION

WAC 230-15-761 "Invalid ticket" defined. For the purposes of this chapter, "invalid ticket" means an encoded paper ticket or voucher that is expired, damaged/unreadable, and/or voided.

NEW SECTION

WAC 230-15-764 "TITO-enabled bill validator" defined. For the purposes of this chapter, "TITO-enabled bill validator" means an electromechanical device that accepts United States currency (bills) and issues, validates, and accepts encoded paper tickets or vouchers.

NEW SECTION

WAC 230-15-767 "Ticket redemption kiosk" defined. For the purposes of this chapter, "ticket redemption kiosk" means an electromechanical device that accepts redeemable encoded tickets or vouchers issued from TITO-enabled bill validators for cash.

NEW SECTION

WAC 230-15-770 Ticket requirements. Tickets printed by TITO-enabled bill validators must have the following minimum standards:

(1) Card room name; and

(2) Date and time the ticket was generated; and

(3) Dollar value of ticket, printed both numerically and in text; and

(4) A unique identifier such as a magnetic strip or bar code; and

(5) A primary and secondary validation number; and

(6) A statement that the ticket will expire in 30 days; and

(7) Be the same size and dimension as United States currency (bills); and

(8) Include a problem gambling message on the printed ticket.

NEW SECTION

WAC 230-15-773 Requirements for ticket validation system. Ticket validation systems must:

(1) Not use, permit the use of, validate, or redeem tickets issued by another licensee; and

(2) Be able to identify invalid tickets and issued tickets, and notify the cashier, dealer, or kiosk, which is applicable, if:

(a) The validation number cannot be found; or

(b) The ticket has already been redeemed; or

(c) The amount on file for the ticket does not match; and

(3) Uniquely identify TITO-enabled bill validators and ticket redemption kiosks connected to it; and

(4) Be able to generate the following reports to be reconciled with all validated/redeemed tickets:

(a) Ticket issuance report; and

(b) Ticket redemption report; and

(c) Ticket liability report; and

(d) Ticket drop variance report; and

(e) Transaction detail report that shows all tickets generated and redeemed by a TITO-enabled bill validator and ticket redemption kiosk; and

(f) Cashier report, which is to detail individual tickets and the sum of tickets paid by a cage cashier or ticket redemption kiosk; and

(5) Employ encryption standards suitable for the transmission and storage of all confidential or sensitive information between all components of the system; and

(6) Not allow for any wireless connections or communication; and

(7) Can only be connected to authorized gambling equipment; and

(8) Have all servers and components that store sensitive information in a locked secure enclosure with both camera coverage and key controls in place; and

(9) Have a machine entry authorization log (MEAL) for all entries into a locked area that indicates the date, time, purpose of entering the locked area(s), and the name and employee number of the employee doing so; and

(10) Maintain an internal clock that reflects the current time and date that shall be used to provide the following:

(a) Time stamping of significant events; and
(b) Reference clock for reporting; and
(c) Time stamping of configuration changes; and

(11) Have a recent backup that is securely stored, separate from the system, in case of catastrophic failure and the ticket validation system cannot be restarted. Backups must be retained for a period of at least two years. Backups must contain:
(a) Significant events; and
(b) Accounting information; and
(c) Auditing information; and
(d) All information utilized in the ticket redemption and issuance process; and

(12) Be connected to a device that provides surge protection and a temporary power source, such as a uninterrupted power supply (UPS), to provide a means for an orderly shutdown in the event of a main power system failure; and

(13) Have no built-in facility where a casino user/operator can bypass system auditing to modify any database(s) directly; and

(14) Log any changes made by a user to accounting or significant event log information that was received from a device on the system. The log must include:
(a) Date data was altered; and
(b) Value prior to alteration; and
(c) Value after alteration; and
(d) Identification of personnel that made the alteration; and

(15) Record significant events generated by any TITO devices on the system. Each event must be stored in a database(s) and include the following information:
(a) Date and time the event occurred; and
(b) Identify the device that generated the event; and
(c) A unique number/code that identifies the event; and
(d) A brief text that describes the event in the local language; and

(16) Have a means by which any user accessing the system software, either by password, keycard, or PIN have a username or user number unique to that individual and log the date and time of access.

NEW SECTION

WAC 230-15-776 Requirements for TITO-enabled bill validators. TITO-enabled bill validators must:

(1) Only be used in conjunction with approved ticketing (TITO) systems; and

(2) Be secure from unauthorized access, tampering, and bill/ticket removal; and

(3) Only be installed at house-banked card game tables or in the cashier's cage; and

(4) Only accept United States bills (no foreign currency) and be able to differentiate between genuine and counterfeit bills to a high degree of accuracy; and

(5) Only accept tickets from the licensed card room they are installed at; and

(6) Be able to identify invalid tickets; and

(7) Not accept promotional tickets, coupons, or vouchers such as free play or match play; and

(8) Not allow redemption of tickets for cash at house-banked card game tables; and

(9) Be equipped with a drop box/cassette to collect the bills and/or tickets inserted into the bill validator; and

(10) Be equipped with a ticket printer designed to detect paper jams, paper out, and print failure; and

(11) Not be capable of offering an element of chance and/or skill in the determination of prizes; and

(12) Not contain some form of activation to initiate a wager; and

(13) Not be capable of delivering or determining an outcome from a gambling activity.

NEW SECTION

WAC 230-15-779 Requirements for drop boxes/cassettes in TITO-enabled bill validators. Ticket-enabled bill validators must be equipped with a drop box/cassette to collect, store, and secure currency and tickets.

(1) Drop boxes/cassettes must:

(a) Be housed in a locked compartment; and

(b)(i) Have a separate lock to open the drop box/cassette; and

(ii) The locks to secure the compartment housing and drop box/cassette must be different from each other; and

(c) Have labels on the lockable drop boxes/cassettes with a permanent number clearly visible which corresponds to a permanent number on the gambling table to which the electronic bill acceptor is affixed; and

(2) The transportation and storing of drop boxes/cassettes in TITO-enabled bill validators must adhere to WAC 230-15-590 and 230-15-600.

NEW SECTION

WAC 230-15-782 Requirements for ticket redemption kiosks. Ticket redemption kiosks must:

(1) Only be used in conjunction with approved ticketing (TITO) systems; and

(2) Be secure from unauthorized access, tampering, and bill/ticket removal; and

(3) Contain a lockable ticket and currency storage box which retains tickets and currency accepted by the kiosk. The kiosk must have:

(a) One lock securing the compartment housing the currency drop boxes/cassettes; and

(b)(i) One lock securing the contents of the storage box; and

(ii) The locks to secure the compartment housing and storage box must be different from each other.

(4) Only accept tickets from the licensed card room they are installed at; and

(5) Be capable of validating ticket values and dispensing an equivalent amount of cash; and

(6) Only validate and pay out tickets up to $1,000; and

(7) Be able to identify invalid tickets; and

(8) Not be allowed to accept cash to exchange for a ticket; and

(9) Not be allowed to accept debit, credit, or EBT cards; and

(10) Have a mechanism to generate a transaction history report with at least the following information:

(a) Date, time, ticket validations numbers, and amount of all ticket redemptions; and

(b) Total amount of ticket vouchers accepted; and

(c) Total count of ticket vouchers; and

(11) Have a machine entry authorization log (MEAL) for all entries into locked areas of the kiosk that indicates the date, time, purpose of entering the locked area(s), and the name and employee number of the employee doing so; and

(12) Not be capable of offering an element of chance and/or skill in the determination of prizes; and

(13) Not contain some form of activation to initiate a wager; and

(14) Not be capable of delivering or determining an outcome from a gambling activity.

MAVERICK
GAMING

Washington Table Ticket - In, Ticket - Out (TITO) Proposal

Jan 7, 2022

TABLE OF CONTENTS

OVERVIEW

THE WHY

1

Objective of Table Game Ticket - In, Ticket - Out (TITO)

OVERVIEW:

Maverick Gaming proposes the ability to use barcoded tickets to buy in chips at the gaming tables, to issue barcoded tickets against chips, and to cash out barcoded tickets at a kiosk and cage .

THE OBJECTIVE:

- ✓ Implement a new product at all locations that will eliminate the passing of counterfeits bills.
- ✓ Provide a control that will reduce the ability to launder money.
- ✓ Use of a secure bill validator stacker box to keep cash inserted into the bill acceptor protected.
- ✓ Provide full auditing of transactions at the tables.
- ✓ Eliminate guests carrying chips to cage for cash out and avoid guests walk out with chips.
- ✓ Improve operation efficiency to reduce frequency of fills and drops.

THE SOLUTION

- The TITO device's secure bulk bill validator has a built-in counterfeit device that can scan multiple bills at once, detect any counterfeit bills and reject them.
- Enhance AML capability on unrated guests.
- Increase in security through funds stored stacked in TITO cash boxes.

VIDEO DEMONSTRATION

2

CountR

Click HERE if above demo video not playing

TRANSACTION FLOW DESCRIPTION

Proposed

3

Transaction Flow Description

Buy - In:

- When a player purchases chips with cash to a gaming table, the dealer stacks the bills into the TITO device for validation.
- The TITO device then validates the bills and rejects counterfeits. If the bills are validated, the dealer then issues the corresponding value in gaming chips to the player purchasing chips with cash.

Ticket - In:

- When a player comes to a gaming table and presents a TITO barcoded ticket to the dealer, the dealer scans the ticket into the TITO device by way of the embedded barcode scanner.
- The TITO device then reads information from the ticket and then transmits this information to the Casino TITO system.
- The TITO system then validates the ticket. If the ticket is validated, the dealer then issues the corresponding value of the ticket in gaming chips to the person presenting the ticket.
- Gaming play then begins with the issued chips. If the ticket is not validated by the casino's TITO system, no chips will be issued to the person presenting the ticket.

Ticket - Out:

- When a player has concluded wagering at the table, the dealer will then collect the players remaining chips, count them and then enter the value of the chips into TITO device via the 12 key keypad.
- After entering the value into TITO, a ticket will be printed via the internal TITO printer after validating the transaction through the TITO system.
- The motorized printer internal to TITO device will present a ticket to the dealer who will then present the ticket to the player.

Ticket Redemption at Kiosk :

- TITO tickets can be accepted by a kiosk, when the voucher has been validated by the TITO system, currency is paid to the player.

Anti - Money Laundering (AML) Risks:

- The AML Program will be revised to account for the risks related to the TITO redemption and issuance process.
- The TITO process provides better information regarding a player's activity in that it tracks the transactions and will facilitate reporting.
- Cash activity is minimalized.
- The TITO system and kiosks are configurable to require identification and information or prohibit specific cash transactions.

MAVERICK
SPORTS

THANK YOU

Add Contact Info Here

C. Sizemore:

Okay. Thanks. I just don't even play a lawyer on TV, so I like to check in on some of those things. So, thank you. So with that, we are done with that tab and we will now move and I need to find my agenda. Sorry, everyone. The next item up for discussion under tab seven is a petition for rule change. Rule petition to amend, and the topic is use of an iDrop kiosk. We have Ashley [Laden 01:46:29] back. Welcome back, Ashley. And again, I believe Mr. Merrill is the petitioner. So Ashley, go ahead.

Ashley Laden:

Sure. Sizemore, commissioners and, ex officios, for the record, I'm Ashley Laden rules coordinator with the Gambling Commission. Tim Merrill of Maverick Gaming in Kirkland, Washington is proposing to amend a number of rules to allow for the use of a ticket-in, ticket-out system using the iDrop kiosk device in card rooms to purchase and redeem tickets for table games play. According to the petitioner, iDrop enables players to purchase chips directly at the live gaming table from the dealer and brings ticket-in, ticket-out to live gaming tables, thus allowing players to move directly from live game to live game without having to go to the cage cashier. Players are able to cash out at any time on the live gaming table and receive their money and ticket form paid by the iDrop kiosk. The iDrop bill accepter system allows for easy accounting and verification of all cash in and out at each live gaming table.

Ashley Laden:

Transaction history can be viewed in real time in the event that a customer dispute arises and decreases the threat of counterfeit bills because every bill is verified using the iDrop bill accepter. The petitioner also feels that manipulation in the count room would become impossible. The petitioner feels this change is needed because this change would allow card rooms the ability to validate and count the drop on live table games, using real time data for efficient reporting of revenue. The petitioner feels there will be an increase in security because the funds will always be in secure boxes. The use of tickets will allow for a quick and secure count by having tickets to validate from data already collected at the table games. Lastly, the petitioner feels this will help combat the passing of counterfeit bills by using the ticket-in, ticket-out device, on the table games to validate all bills for authenticity.

Ashley Laden:

The petitioner feels the effect of this rule change would allow the use of tickets and kiosk systems instead of only allowing the purchase of chips using cash and the redemption of chips at the cage. If the petition is accepted, card room and manufacturer rules will need to be amended and additional rules may need to be adopted. Staff has the following policy concerns with this petition. While this equipment could reduce criminal behavior such as the passing of counterfeit bills and theft, staff is unsure how the use of iDrop will impact any anti-money laundering efforts. I shouldn't say any. Impact anti-money laundering efforts.

Ashley Laden:

Staff has concerns about the ability to maintain a closed system. Other impacts or changes. The use of this equipment could bring to the card room operation, such as count room procedures, accounting elimination of the cage, et cetera. The security and integrity of equipment and connectivity of the card rooms' accounting systems. Under the requirements of the Administrative Procedure Act, the commission must take action on this petition within 60 days of receiving it. Your options are to accept the petition and initiate rulemaking proceedings by filing the rules proposed for further discussion or to

deny the petition in writing stating the reasons for denial or where appropriate indicate alternative means by which the agency will address concerns raised in the petition.

Ashley Laden:

Staff recommends, accepting this petition and initiate rulemaking while understanding that the equipment proposed will need to submitted and evaluated by Gambling Commission staff under WAC 230-17-192, submission of electronic or mechanical gambling equipment, during the rulemaking process before staff can begin to finalize rules related to this petition. And with that, I'll now turn it over to Mr. Merrill of Maverick Gaming to speak to his petition. And he's got a presentation that I will show as well.

C. Sizemore:

Okay. Welcome back, Mr. Merrill.

Tim Merrill:

Thank you.

Ashley Laden:

Okay.

Tim Merrill:

We can just skip to the overview. One More.

Ashley Laden:

Okay.

Tim Merrill:

All right. So what we're trying to do is bring the ticket-in, ticket-out technology used on slot machines to the table games. The objective is to implement a new product in all locations. It's going to eliminate passing counterfeit bills, provide a control that's going to reduce the ability for people to launder money. In this system, you're able to actually track the ticket associated with the card number and then, therefore, their play also on the tables. The use of the secure validator stacker box keeps the cash inserted in the bill acceptor protected. We can fully audit the transactions at all the tables. It eliminates guests carrying chips to the cage and avoids guests walking out with chips.

Tim Merrill:

It also improves our operational efficiency, because it allows us to reduce the number of fills and credits we do at the tables, because we're always collecting the chips back. The other thing that we didn't put in here, but it happens is we unfortunately in the card room business, get robbed once in a while. What this is going to do, because we're able to use kiosks to allow people to cash out, it reduces the amount of cage cash we have. So, therefore, we're less desirable for armed robbery. If you want to go to, we got a little demo from the supplier on how it works. It's only a couple minutes. We thought we could show you the video.

Ashley Laden:

Give me just a second and I've got that ready here.

Reeves:

Ashley, is there sound to this or is it just a video?

Tim Merrill:

It's just a video. The supplier didn't have sound. So you see, they take the money in. It validates it in the bill validator and then they give the checks to the customer, the chips. So then when the customer's ready to cash out, again, you validate. You validate the amount, you type it in. There we go. In real life it'll go faster than that. And it prints a ticket directly from the tray that is then given to the customer. Last is the redemption at the table. Ticket goes just directly back into the BV. In this case, it tells the dealer what was redeemed and you give the chips to the customer.

Tim Merrill:

So we just took a minute to summarize the transaction flow. It would be buy in, that's when they take cash to the dealer. Same processes that are already approved in the state would be used that then verify that cash amount, cut the chips out, the cash would then go into the BV. It would be authenticated to go in as a secondary measure. And then we would then hand the chips off to the customer. Ticket-in is the same way, except this time they're going from table A to table B with a ticket that they've cashed out. They put the ticket into the BV. It will tell the dealer how much to give the customer. Dealer cuts that out and gives it to the customer. Ticket out is when they want to cash out. So they've played, they have chips. They want to go to another table.

Tim Merrill:

They turn their chips in, the dealer puts in. After the amount is verified, the dealer puts that into the kiosk. It prints the ticket out. And then there's a ticket to redemption kiosk. That's where we're hoping a majority of the transactions occur when the customer wants to cash out, where they just go to a kiosk, they put their ticket in and then it cashes out. And then obviously there are, as brought up by staff, some people would think about anti-money laundering. Actually the AML program takes this into account. So, it tracks the buy-in, ticket-in and ticket-out of every customer during the day.

Tim Merrill:

When it hits reportable thresholds for a known customer, it records those amounts. If a CTR needs to be completed on a customer, then when they go to the kiosks to cash out that CTR is completed in the back end, using the same systems we have today. And then the TITO system and the kiosks are configured that a certain level is required, identification is required on unknown customers. And with that identification is not received and those transactions are not processed. I think that is my presentation.

C. Sizemore:

Okay, great. Commission Reeves, I see your hand.

Reeves:

Thank you, Mr. Chair. So similar to my last question and Mr. Merrill, if you know the answer to this, feel free to chime in. But for staff, is this type of service offered anywhere else in the gambling system in Washington? And if so, can you highlight where? And if not, similar to the last instance, initiating

rulemaking here would be essentially creating a dialogue to talk about a pilot. Kind of a pilot exploration of this particular activity. Is that correct?

Tina:

Correct. Tina Griffin, interim director. So this is not authorized in commercial nonprofit or tribal gaming facilities. Ticket-in, ticket-out is authorized for tribal lottery systems, but nothing is authorized in the state of Washington for table games.

Reeves:

So again, this would be essentially a potential pilot to understand all of the opportunities, challenges, pros, cons, et cetera. That's what staff would be exploring in the rulemaking process, correct?

Tina:

Yes. Thank you. Sorry, I missed the last part of the question and answering the last part of the question. So, yes. So one of our rules, 230-17, my apologies for not having it in front of me.

Ashley Laden:

192.

Tina:

Thank you, Ashley. So, 230-17-192 states that when there is rulemaking that would involve equipment that we have to receive that equipment so we have an opportunity to truly understand what is being proposed and to find out how it works, et cetera. And so that we can make sure that during rulemaking, we outline the parameters of how that equipment's going to be used. So we did this exact same process just recently through the electronic raffle, 50/50 nonprofit raffle systems. And so during that process, we review the equipment and make sure that we're capturing everything that we need to through the initial set of rulemaking. And then we also obviously are making sure that the equipment is within the confines that could be within our scope of authority in rulemaking, right? And so, if the equipment does something that would need to have a legislative change, then we have that conversation, et cetera. So, yes, that's correct.

Reeves:

Perfect. Thank you, director. That answers both my questions.

Tina:

Thank you.

C. Sizemore:

Thank you, Tina. Any further questions, discussion here prior to public comment? All right. I'm not seeing any other commissioners raise... Oh, commissioner Reeves.

Reeves:

Sorry. And so, I just want to make sure that I heard Mr. Merrill correctly. Mr. Merrill, your articulation is that initiating this particular activity on the premises of your facilities, that you see this as a safety and security measure as well. Is that an accurate assessment of what you're articulating?

Tim Merrill:

That's correct.

Reeves:

Okay. Thank you very much.

C. Sizemore:

All right. So with that, we will go ahead and open the floor up for public comment. So if you wish to make public comment on this iDrop concept rulemaking, now would be the time. And again, we'll use the functionality of the Teams and I am not seeing any hands. Julie Anderson, are you seeing anyone?

Julie Anderson:

No, sir. Nothing in the chat.

C. Sizemore:

Okay. Oh, commissioner Reeves. Well, I'll go ahead and close public comment and open... Well, commissioner Reeves, go ahead. And then we'll be open for a motion.

Reeves:

Yep. I was just getting in line, sir.

C. Sizemore:

All right. Floor's yours.

Reeves:

Great. Mr. Chair, I would like to recommend that we accept this petition and file initial rule making with the understanding that obviously as director Griffin, interim director, Griffin, articulated that the equipment being discussed in this particular petition needs to be submitted and evaluated by the commission staff pursuant to WAC 230-17-192, before we can begin to finalize any rulemaking beyond the initial 101.

C. Sizemore:

All right. So I believe that your motion is to initiate this rulemaking proceedings as proposed by staff for further discussion. Is there a second?

Levy:

Commissioner Levy will second.

C. Sizemore:

Okay. It's been moved by commissioner Reeve, seconded by commissioner Levy to initiate rulemaking proceedings as proposed by staff for further discussion. Is there any further commission discussion? All right. Hearing none, we will attempt a voice vote. All those in favor, please say aye.

Reeves:

Aye.

Levy:

Aye.

Tina:

Aye.

C. Sizemore:

Aye. Any opposed? Motion carries four to zero. All right. I believe that we're done with you, Mr. Merrill. Is that accurate?

Tim Merrill:

Thank you for your time today, commissioners.

McLean, Lisa (GMB)

From: Waldron, Roxane (HCA)
Sent: Thursday, August 31, 2023 2:19 PM
To: McLean, Lisa (GMB); Griffin, Tina (GMB)
Cc: Waldron, Roxane (HCA)
Subject: Ticket-in/Ticket-Out (TITO) systems and Problem gambling

Dear Director Griffin and Ms. McLean,

As the WA State Problem Gambling Program Manager, I appreciate the opportunity to respond to your request for feedback about the draft rules governing the proposed Ticket-In/Ticket-Out (TITO) system that the Commission will be considering again in September 2023.

I understand that the Gambling Commission does not consider TITO to be a cashless system. However, the research literature that I've reviewed includes TITO systems in analyses of *cashless payment systems*, so that is my understanding and has informed my approach:

> '*TITO – Refers to ticket in ticket out, a system where gamblers insert a ticket with the cash equivalent on the ticket into a gambling device for gambling. Once the gambler leaves, they can re-print a new ticket with the unspent balance and take it to a different gambling device.* ***Tickets are thus a cashless payment method****.'*
> - Hare, S. (2020), Research Report: What is the Impact of cashless gaming on gambling behaviour and harm?, Victorian Responsible Gambling Foundation (Australia)

My major concerns based on draft language for OTS-4708.4 are:

WAC 230-15-767 'Ticket redemption kiosk' defined.

1) If gamblers can self-claim money at a kiosk (rather than going to a booth), how will vendors ensure that this process complies with the required WA State Voluntary Self-Exclusion Program (VEP)? It's my understanding that gamblers who are signed up with the VEP are 'discovered' when they bring their chips to the cage for redemption. If they can just 'cash out' at a kiosk, this appears to completely bypass the VEP list double-check process.
2) How will players be able to easily keep track of how much they have spent at a table, how much they've lost, and how long they've been gambling? These are basic 'harm-minimalization' tools that should be available in all gambling venues to enable the player to effectively control their gambling experience if they choose to do so.

Background

To date, there hasn't been a lot of research conducted specifically on TITO (Ticket In Ticket Out) systems. So, while information addressed in the research studies and articles below may apply to different types of cashless payment systems, I recommend that Commissioners consider these benefits and concerns and their possible or likely impact from TITO. Also, the literature, which is based both on peer reviewed research and anecdotal evidence and assumptions, can be contradictory in nature. I've done my best to sort out information based on data rather than speculation, and have noted when that's unclear.

Potential benefits--

- Studies identified that gamblers found it convenient to store money on a card, and to not have to wait for venue staff for hand-pay outs (Hare, C. ,2020)
- Tickets can include a 'harm minimization feature' – responsible gaming information could be printed on tickets (IPART, 2004)
- Gamblers may not feel obligated to spend the remaining small amounts on the meter (EGMs) as money could easily be transferred back to the card (Hare, C., 2020)

- No need to spend time getting change in different denominations for different EGM machines (Palmieri, C., 2003)
- Assumption: Could be a steppingstone to integration with player tracking, marketing & accounting systems -- a potential plus for vendors (but with the caveat that it could be of concern to some players who wish to remain anonymous) (Palmieri, C., 2003)

Potential concerns—

- Consumers spend more when exposed to credit cards or when paying by credit card, when compared to cash (Soman and Cheema 2002; Shimp and Moody, 2000)
- Cashless cards are more strongly associated with payment ease linked to a lower 'pain of payment.' Feeling the 'pain of payment' is assumed to assist with consumer self-regulation of expenditure (Hare, C. 2020, Prelec & Lowenstein, 1998)
- Research has demonstrated through use of functional MRI that the use of cash (as compared to cards or smartphones to pay) triggers brain activity, which is consistent with processing of an adversive event. This highlights that cash is very likely to be better for self-regulation and more considered decision making (Hare, C, 2020; Ceravelo et.al, 2019), so when vendors move into cashless payment systems, this could be an area of concern.
- At least eight structures of cashless gaming have potential to influence the level of gambling harm experienced by gamblers for EGM users (Hare, S., 2020, pg.11)
- Access to any cash amounts may facilitate gambling, especially in higher risk gamblers, and could include amounts stored on cashless gaming cards (Hare, S., 2020)
- 'Tokenization' of money tends to lead gamblers to spend more, when compared to cash (Hare, S., 2020)
- Older adults, people with co-morbidities (such as anxiety and depression), and people with low financial literacy and/or low education may potentially experience issues with understanding and/or accessing transactional expenditure information in cashless gaming. (Hare, S., 2009; 2015, 2020)
- Speculation: Both poker chips and tickets are examples of 'cashless payments.' However, poker chips represent specific cash amounts that are visible and tangible. Tickets and cards don't represent the 'physical' nature of cash in the way that poker chips do, so gamblers could more easily 'lose track' of spending in a session.
- Because TITO results in quicker cash out, could result in players likely to reinvest winnings immediately, though some may argue that this also prevents more gambling because players can 'get their cash and go.' (Hare, S., 2020)
- May require less assistance from staff, reducing the opportunities for intervention for problem gambling (ALHMWU—2003)
- Depending on the maximum ticket limit, tickets may hold more money than gamblers would otherwise keep in their wallet, which could lead to increased yet unintended spending (Hare, C, 2020)

Suggested mitigations to consider:

- Reinforce price cues to gamblers when gambling (evidence suggests that this may diminish when cashless payment instruments are used rather than cash—Greenacre and Akbar, 2019)
- Make printed statements available to players using TITO system. A study highlighted that email transactional statements are not as effective as printed statements in helping consumers manage expenditures (London School of Economics, 2015).
- Vulnerable consumers (such as those who use cash primarily) should still be able to control their own spending and not have that control undermined or negatively affected by cashless gaming or the transition to cashless payments (Hare, C., 2020).
- Ensure that gamblers can continue to use all pre-existing 'pre-commitment' tools at the venue as easily with cashless gambling as with cash gambling.
- To avoid issues specific with EGMs and TITO, do not allow TITO to be used with Electronic Gaming Machines (EGMs).
- Ensure that the TITO process complies with the WA State Voluntary Self-Exclusion Program so that participants can be identified when tickets 'pay out' at kiosks.

Thank you,

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Cashless Gaming Could Increase Problem Gambling, Advocates Say

DATE PUBLISHED : FRIDAY, MARCH 26TH 2021

- Advocates worry cashless gaming will lead to rise in addiction
- Gamblers urged to set limits when using cashless payments
- UNLV, Sightline, Global Payments to study cashless wagering data

The adoption of cashless gaming by land-based casinos presents both new risks and opportunities when it comes to mitigating disordered gambling, according to problem gambling advocates.

Advances in payment technologies have caused massive disruption in the way consumers pay for everything from a cup of coffee to a new automobile, with casinos now belatedly opening the door to cashless wagering systems for slot machines.

Currently, regulators in Nevada, Pennsylvania and a half-dozen other U.S. states have signed off on the use of debit cards to buy chips at table games, or mobile wallets for use at slot machines.

But advocates worry about the impact that wider acceptance of cashless products will have on problem gambling rates as new payment options may turn at-risk gamblers into

problem gamblers.

“If you are utilizing cash to fund your gambling and you run out, there is that natural break in play, which research shows us is an important thing, with the very act of getting up and having to visit the ATM to get additional dollars,” said Brianne Doura-Schawohl, vice president of U.S. policy and strategic development at EPIC Risk Management.

Schawohl said the break in play provides necessary reflection time to assess the amount of time and the amount of money an individual has already spent.

“We know from research that gambling with credit and cashless activates a part of the brain to spend more,” Schawohl said. “Also utilizing money that you don’t have to gamble is never a good thing. Gambling should be accessed only through discretionary income that can be lost.”

Keith Whyte, executive director of the National Council on Problem Gambling (NCPG), agreed that “cashless presents significant additional risk for people with gambling problems or people who are vulnerable to gambling problems.”

Whyte said most cashless systems have responsible gambling features built in, but the “big thing everyone is missing is that it requires active promotion for players to know the features are available and to use them.

“We strongly believe that players should have to set limits, or at least opt-out [from setting them], rather than having to hunt through the entire system to opt-in,” he said.

“If the seat belts for a new car are stored in the trunk, many people will never get around to installing and using them, which greatly increases their risk of harm.”

The NCPG has urged the gaming industry and regulators to encourage people who gamble to set their own limits of time and money; use personalized responsible gambling messages; and allow players to self-exclude from gambling platforms and venues.

Other suggestions include allowing players to synchronize their exclusions with venue and state exclusion lists, research signs of problematic play, and develop models to help predict and prevent excessive usage.

If Schawohl was designing a cashless payments system, she said she would require the utilization of limit-setting programs to establish limits on the number of deposits a player

could make per day, week and month and place a cap on the number of cards that can be attached to an account.

She would also include real-time updates letting a customer know how much money they have, how many deposits they have made, and how much they have won or lost over the course of their play.

Still, Schawohl said cashless wagering in casinos is not all “doom and gloom,” and the same technology that might be increasing risk can also provide ways of delivering effective responsible gambling messages, easier access to self-exclusions, timeouts and other stronger safeguards.

Approximately 1 percent of the adult population in the U.S. has a severe gambling problem, according to the International Center for Responsible Gaming (ICRG).

So will that rate increase as more customers use digital wallets on their mobile phones to wagering at slot machines or table games?

“There’s very little research on this topic so it’s difficult to speculate as to whether it affects gambling disorder rates,” said Christine Reilly, an ICRG spokeswoman. “More research is needed.”

Alan Feldman, distinguished fellow in responsible gaming for the University of Nevada, Las Vegas’ (UNLV) International Gaming Institute, agreed.

Feldman said he expects the IGI Payments Collaborative, a partnership formed last year between UNLV’s International Gaming Institute, Sightline Payments and Global Payments Gaming Solutions, to provide needed data on disorder rates.

“Both companies will be turning over a tremendous amount of data,” Feldman said. “It will take time, but we are going to go through it and learn there are some policies that need to be changed and some policies that are working.”

Taking its inspiration from the ICRG, the collaborative’s objective is to provide a neutral, scientific, data-driven foundation for policymakers and regulators to make policy decisions in the future.

Feldman said the discussion over cashless gaming is very different in 2021 than it was 20 years ago with the advent of ticket-in, ticket-out systems for gaming machines due to

where we are as a society. For younger people, he said, it is now completely “normal and natural” to pay with a debit card or mobile phone.

“It is how they manage their finances,” Feldman said. “I haven’t written a check in 15 years. I appreciate it when merchants allow me to tap to pay. I realize I’m changing.”

“I appreciate casinos are thinking the same way,” he said.

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RESEARCH REPORT

What is the impact of cashless gaming on gambling behaviour and harm?

July 2020

responsiblegambling.vic.gov.au

Victorian Responsible Gambling Foundation

This report has been peer reviewed by two independent researchers. For further information on the foundation's review process of research reports, please see responsiblegambling.vic.gov.au.

For information on the Victorian Responsible Gambling Foundation Research Program visit responsiblegambling.vic.gov.au.

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Conflict of interest declaration

The authors declare no conflict of interest in relation to this report or project.

To cite this report

Hare, S, 2020, *What is the impact of cashless gaming on gambling behaviour and harm?*, Victorian Responsible Gambling Foundation, Melbourne.

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Our vision: A Victoria free from gambling-related harm

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What is the impact of cashless gaming on gambling behaviour and harm?

Sarah Hare

Schottler Consulting

July 2020

Victorian Responsible Gambling Foundation

Contents

Terms used in this report

Terms	Meaning
Card based cashless	Refers to cashless gaming where a card is swiped or tagged each time a gambler wishes to pay for gambling.
Cashless gaming/gambling	Refers to paying for gambling without using notes or coins such as through use of a credit card or debit card. Victorian legislation refers to 'cashless gaming' under the Victorian Gambling Amendment (Cashless Gaming) Regulations 2019, however, both cashless gaming/gambling are used interchangeably in this report.
Contactless payments	Ability to make a payment without touching a keypad such as through use of Near Field Communication (NFC) (proximity sensors).
Deposit limit	Refers to the total amount that can be kept on a gambling account for use during gambling.
Digital wallet	A digital payment system for storing and transacting money for the purpose of making digital payments.
Mental accounting	The theory of mental accounting proposes that consumers assign 'labels' to sources and uses of money and track expenses using a mental accounting system (Henderson and Peterson, 1992; Thaler, 1980). Mental accounting processes are proposed to serve three main purposes – They help simplify decisions, maintain self-control and maximise pleasure from consumer decisions (Antonides and Ranyard, 2017; Zhang and Sussman, 2018). An an example of mental accounting, consumers may label expenditure in different categories such as money for 'leisure', 'groceries' and 'rent'.
Multifunctional cards	Multifunctional cards are cards which bundle payments together with other features (e.g., loyalty programs, user identification etc.).
Pain of payment	Used in research, the pain of paying is experienced when consumers part with money to purchase goods/services. Cards are thought to reduce pain of payment, as they are a token for money (i.e., they are not real money hence expenditure is less visible and less salient when payment occurs). Feeling the 'pain of payment' is proposed to assist with consumer self-regulation of expenditure (Prelec & Loewenstein, 1998).
Pre-commitment	The ability to set time and/or money limits on gambling.
TITO	Refers to ticket in ticket out, a system where gamblers insert a ticket with the cash equivalent amount on the ticket into a gambling device for gambling. Once the gambler leaves, they can re-print a new ticket with the unspent balance and take it to a different gambling device. Tickets are thus a cashless payment method.
Working memory	Baddeley and Hitch (1974) conducted pioneering work to identify the concept of 'working memory' and its role in human information processing. According to the authors, working memory is a system with limits on both its storage and processing capabilities.

Executive summary

This report presents a rapid review of research literature to examine the effects of cashless gaming from a gambling harm-minimisation perspective. Cashless gaming involves the use of non-cash gaming tokens for land-based gambling. The review was prepared during late June 2020 for the Victorian Responsible Gambling Foundation (the Foundation).

The Foundation sought to better understand the effects of cashless gaming on gambling behaviour and harm, given the potential for cashless gaming to become more widely used across Victoria due to COVID-19.

As a Foundation role is to address the determinants of problem gambling, it was considered important to understand the potential for widespread cashless gaming to harm the Victorian community.

Key objectives

Within this context, specific objectives of the rapid review were to:

1. **Examine the national and international context of cashless payments**
2. **Explore the possible effects of cashless gaming as identified in research literature**
3. **Identify recent jurisdictional developments in cashless gaming due to COVID-19**

Cashless gaming in Victoria

On 30 January 2019, the Gambling Amendment (Cashless Gaming) Regulations 2019 introduced new regulations allowing non-cash gaming tokens to be made available at Victorian pub and club EGM venues. Technical standards were also published by the Victorian Commission for Gambling and Liquor Regulation (VCGLR) for the operation of cashless gaming on EGMs.

Technical standards permit both ticket in ticket out (TITO) and card based cashless (CBC) gaming to be provided in Victorian EGM venues. While Crown casino also provides cashless gaming, separate legislation exists for casino operations.

Within this context, the Foundation wanted to gain a comprehensive understanding of research that may provide insight into the possible effects of cashless gaming, should it be more widely adopted across Victorian pubs and clubs due to COVID-19.

Types of gambling of relevance to this review

Gambling products in scope of the current review were EGMs and gambling products in land-based venues and retail outlets (e.g., sports or race betting at the pub, keno at the club, retail lottery purchases, etc.).

While some useful research relating to online gambling is drawn upon in this review, the use of cashless payment technologies for online gambling specifically was considered outside the scope of products of interest to the review. Interactive gambling more generally, however, is acknowledged as a special topic that may also benefit from future research on payment technologies.

Findings from consumer behaviour and cognitive psychology literature

Major findings of the review are presented as follows:

1. Consumer behaviour literature indicates that cashless payment methods are generally associated with increased expenditure. Evidence appears to support that this applies to credit cards, debit cards, and potentially also mobile payments (using eWallets).
2. Literature relating to the 'pain of payment' – including recent neurological evidences – suggests that cashless payment methods are largely associated with less 'pain of payment' when compared to cash. This suggests that cashless payment methods have an 'easy money' effect and that cash is better for expenditure regulation.
3. Low salience payments have been found to be difficult to track and undermine budgeting, when compared to high salience payments. Electronic transactional information (e.g., bank statements) has also been found to be more complex to interpret, when compared to printed statements.
4. Certain segments in the community may have difficulties with working memory or mental accounting, which is required in budgeting and expenditure management.

   These may include older people, people with comorbidities – such as anxiety and depression – and people with low financial literacy and low education. Such groups may potentially experience issues with transactional expenditure information in cashless gaming.

Findings relating to cashless gaming from gambling research literature

1. Little gambling research has examined the unique effects of cashless gaming as a payment method, when compared to cash (as distinct from other features of cashless gaming such as pre-commitment).
2. Many of the benefits of cashless gaming have been conflated with the benefits of other gambling harm-minimisation tools (e.g., player tracking, pre-commitment effects have been confused with the effects of cashless gaming).
3. While the discrete effects of cashless gaming relative to cash have not been examined, some consumer benefits of cashless gaming have been claimed including:
   a. The ability to store money on a card
   b. Not having to have to wait for venue staff for hand-pay outs
   c. Making it easier to move from EGM to EGM
   d. Being able to transfer small amounts of money to and from the EGM credit meter
   e. Being able to continue play uninterrupted (e.g., gamblers do not need to access EFTPOS for cash or interact with a staff member).
4. While some gamblers indicate that cashless gaming may help with management of gambling expenditure, others report that it makes expenditure management more difficult. This may highlight individual differences within gamblers (although the reasons for differences remain unclear).
5. Access to any cash amounts may facilitate gambling and especially in higher risk gamblers. This may be relevant to the amounts stored on cashless gaming cards.
6. Tokenisation of money tends to lead gamblers to spend more, when compared to cash (and presumably with less conscious reflection).

7. Online gambling has been found to be harmful to gamblers in part due to the cashless payment method and in part due to the tokenisation of money (i.e., credit/debit cards are used to gamble online and such cards are a token for money).
8. Eight structural characteristics of cashless gaming have potential to influence the level of gambling harm experienced by gamblers.

Other findings with implications for cashless gaming

1. While many jurisdictions are increasingly moving towards cashless gaming, research also highlights that some vulnerable members of society may be at risk. In Australia, these may include both older people and people in the lower two income quartiles.
2. While research cannot identify how best to reduce the risks of cashless gaming, literature research points to some potential value of making the 'pain of payment' of cashless gaming equivalent to, or as close as possible, to cash.

Conclusion

In conclusion, the current rapid review has identified substantial and concerning evidence that cashless gaming using monetary substitutes such as gaming cards will likely facilitate less controlled gambling behaviour and potentially lead to gambling harm in some consumers. It has also identified the potential for some vulnerable segments of society to be negatively impacted by cashless gaming.

This is largely attributed to research evidence that suggests that the 'pain of payment' in cashless payment methods is lower than when using cash.

Together, findings point to the need for further research to not only establish who is affected by cashless gaming (or whether all gamblers are affected), but to also identify how gambling may be affected by all payment methods including credit cards, debit cards and mobile payments using eWallets.

The second priority is to identify how such payments can be made closer to, or equivalent to, cash. The third priority is then to identify whether and how other harm-minimisation tools can be used to mitigate the effects of cashless gaming and associated cashless payment methods used in gambling.

Discussion of findings – what does research tell us about cashless gaming?

State of the evidence for cashless gaming

A review of literature clearly highlights that limited research has examined the effects of cashless gaming on gambling expenditure and behaviour. While research has established that electronic gaming machine (EGM) cashless gaming offers a range of benefits to both gamblers and venues, research has not examined the discrete effect of cashless gaming itself on gambling expenditure, as distinct from cash-based gambling.

This is of concern, as it implies that cashless gaming may have been widely implemented across the world, without understanding its true effects on gambling behaviour. Two past papers, discussed immediately below, have noted that many jurisdictions across the world have identified that there is a distinct lack of empirical evidence to identify how cashless payments affect gambling.

In particular, this was noted in the 2004 NSW IPART report and observed by Parke et al (2008) in a survey of gambling regulators. Some recent comments by international regulators also highlight that the discrete effects of cashless gaming may be conflated with the effects of player tracking and other card-based harm-minimisation tools.

Indeed, as cashless gaming is frequently offered together with such tools, it is assumed that in itself it offers a harm-minimisation benefit. This review would argue, however, that this cannot be concluded, as there is no clear research evidence on the beneficial effects of cashless gaming itself, as distinct from use of cash.

Also of concern is that research indicates that many of the consumer protection tools available in cashless gaming are not used by gamblers. In particular, Australian pre-commitment trials involving cashless gaming have consistently demonstrated that limits are not used by many gamblers. A similar observation was made by Gainsbury et al (2019) in relation to the use of harm-minimisation tools in internet gambling (a type of 'cashless gaming'). Accordingly, this highlights the need for a more informed understanding of the true effects of cashless gaming from a consumer protection perspective.

So what do we actually know about cashless gaming?

While the discrete effects of cashless gaming on gambling expenditure and behaviour have not been researched, some useful research is available to highlight consumer experiences with cashless gaming. In particular, the research of Nisbet (2004) and three pre-commitment evaluations based on cashless gaming (Schottler Consulting, 2005, 2008, 2009) have provided some insight about how cashless gaming is received by gamblers.

However, as cashless gaming in these studies was intertwined with other tools (e.g., card-based pre-commitment or TITO), the studies cannot 'unravel' the discrete effects of cashless payment methods on gambling, as distinct from the use of cash.

Such research, however, has consistently established a similar set of overall observations about the benefits of cashless gaming based on gambler perceptions. Studies identified that gamblers found it convenient to store money on a card, found it beneficial not to have to wait for venue staff for hand-pay outs and also found it useful being able to transfer small amounts from the EGM credit meter to a cashless gaming card.

This latter aspect also appeared to have some possible harm-minimisation benefits in that gamblers did not feel obligated to spend the remaining small amounts on the meter, as money could be easily transferred back to the card. Similarly, not having to wait for pay outs may have reduced the temptation to continue gambling. Accordingly, these represent some positive benefits of cashless gaming, as based on gambler perceptions.

All studies similarly found that *some* gamblers held a perception that the cashless card could be helpful for money management. However, this was not a consistent finding for all gamblers, highlighting the potential for individual differences and preferences.

It was noteworthy that some gamblers felt that it was actually easier keeping track of their expenditure on a card, while others felt that it was more difficult, when compared to cash - *If you are taking cash out of your wallet, you are more aware of how much you are spending. With the card, you do not realise how much you have spent* (Schottler Consulting, 2009, p33).

While discrete effects of cashless gaming could not be 'untangled' from other tools used in these studies (as these studies were mainly studying gambler pre-commitment), feedback highlights that some gamblers may find cashless gaming useful for money management, while others feel that it makes money management more difficult.

This highlights that future research needs to examine the discrete effect of cashless payment methods above and beyond the effects of other harm-minimisation tools.

What can we learn about the possible harm of cashless gaming based on consumer behaviour literature?

While gambling research has not made significant progress in identifying the effects of cashless gaming, research from the field of consumer behaviour and cognitive psychology highlight that cashless gaming is quite likely to be associated with overspending in gamblers.

Indeed, fairly consistent and comprehensive evidence from studies of cashless payment methods highlight that cashless payment itself is associated with increased expenditure. One of the most significant and consistent findings in this body of research is that consumers spend more when exposed to credit cards, or when paying by credit card, when compared to cash (e.g., Soman and Cheema, 2002; Shimp and Moody, 2000).

In addition, credit cards have been shown to 'prime' consumers to think of product benefits, instead of making cost considerations (e.g., Chatterjee and Rose, 2012) and are frequently seen as 'easy money' (e.g., Wong and Lynne, 2017).

Other studies have framed the credit card effect in terms of a higher consumer 'Willingness to Pay' (Prelec and Simester, 2001), and this has been established for other non-cash methods of payments including stored value cards (e.g., Soman, 2003), multifunctional bank cards (Gafeeva et al., 2018) and interestingly, also for debit cards (Runnemark et al., 2015).

In relation to debit cards, similar effects to those established for credit cards have been demonstrated. Runnemark et al (2015), in particular, identified that consumers were willing to pay more for identical products with debit cards (than with cash), highlighting that cash made it easier to control spending.

The authors then highlighted the need to provide improved feedback mechanisms in debit cards for consumers – including potentially displaying balances on cards (e.g., in 'next generation' credit cards).

Also of concern is the effect of debit cards in making low income consumers less sensitive to price cues. This was demonstrated by Greenacre and Akbar (2019), where consumers using a cashless debit card became less sensitive to price cues when using the card to buy groceries, relative to cash. Accordingly, this may highlight the risk of consumers with limited money spending more with cashless gaming cards.

The reasons why cashless cards are more strongly associated with payment ease has been linked to research identifying that they are associated with a lower 'pain of payment'. In particular, credit cards have been found to have the lowest pain of payment, followed by debit cards then cash. In this respect, cash is considered the most 'painful' method of payment.

What is 'pain of payment'?

The pain of paying is experienced when consumers part with money to purchase goods/services. Cards are thought to reduce pain of payment, as they are a token for money (i.e., they are not real money hence expenditure is less visible and less salient when payment occurs). Feeling the 'pain of payment' is proposed to assist with consumer self-regulation of expenditure (Prelec & Loewenstein, 1998).

Whether new 'contactless' payment methods – such as mobile payments – provide the same 'pain of payment' is also of research interest. While this has not been extensively examined, a recent study by Boden et al (2020) highlighted that contactless mobile payments may have a similar 'pain of payment' to credit cards.

This may suggest that all forms of cashless payment – including newer forms – will never be the same as cash in relation to the 'pain of payment'. Research by Eschelbach (2017) similarly suggested that cash can help reduce the temptation of spending unnecessarily, given that it reinforces the pain of payment.

Payment salience and distinctiveness have also emerged as potentially problematic in cashless payment methods. *Highly salient* payments have been proposed to make it easier for consumers to track and place expenses into mental accounts, while *less salient* payments have been found to be more difficult to track and undermine budgeting (e.g., Heath, 1995).

As cash handling is not present in cashless gaming, this may suggest that cashless cards are associated with increased difficulty in (at least immediately) monitoring expenditure.

While findings of attitudinal and behavioural studies could be open to debate, recent neurological research investigating the pain of payment for cash is quite compelling. Research by Ceravolo et al (2019) demonstrated through use of functional MRI that, use of cash triggers brain activity, which is consistent with processing of an adversive event, when compared to cards or a smartphone. Accordingly, this higlights that cash is very likely to be better for self-regulation and more considered decision making.

Who may the 'easy money' effect of cashless payments apply to?

Given the concerns that may be raised by cashless gaming, the next critical question relates to whether the 'easy money' effect of cashless cards may apply to everyone using such cards, or whether it just applies to certain segments of the population.

Supporting the possibility that the effect is universal is research by Naderer et al (2016). This author identified that showing credit cards and Visa symbols on Monopoly game credit cards primed children and led to greater expenditure in an online shopping task. Such results may provide indirect evidence that this effect could potentially occur in everyone and that it may not be related to previous experience with or use of credit cards.

Other research highlights that some groups in the community may have difficulty keeping complex information in working memory (e.g., Gold et al, 2019, Li et al, 2018) or have difficulty with mental accounting (Muehlbucher and Kirchler, 2019). Working memory could be argued as relevant to understanding cashless accounts and expenditure, as an effective working memory would be required to process information.

Evidence from a study comparing the ease of understanding an emailed versus paper bank statement indirectly highlights this issue. Electronic information, as may be associated with cashless transactions (e.g., online or electronic cashless accounts) may be difficult to process.

This study by the London School of Economics (2015) found that electronic information, as is typical of cashless cards, is more cognitively complex for people to process. People in the study using emailed statements were less accurate in reporting expenditure and performed worse than those using printed statements. Accordingly, this may highlight the difficulty of understanding and processing electronic information, associated with cashless gaming accounts.

Research relating to working memory similarly highlights that some segments in the population may experience working memory deficits. In particular, older people, people with depression and anxiety and people with psychotic disorders (e.g., Schizophrenia) have been noted to experience some difficulties with working memory. As problem gamblers may report such comorbidities (e.g., Hare, 2015; Hare, 2009), it is possible that some people with comorbidities may struggle with cashless payments and the interpretation of cashless expenditure.

In addition, segments of the community with low financial literacy and low education have been shown to experience difficulty with mental accounting (e.g., Muehlbucher and Kirchler, 2019). Given that many Australians have low financial literacy, this raises the issue of whether some people may experience issues managing cashless gaming expenditure, if they also experience difficulty with mental accounting.

Research from pre-commitment trials involving cashless gaming similarly highlight that some groups in the population may find cashless gaming either more difficult or easier to manage expenditure, relative to cash. From this perspective, it is plausible that individual differences exist amongst gamblers, although research cannot yet identify the variables involved.

In addition, while it is clear that problem gamblers have difficulty managing all forms of gambling expenditure (e.g., Schottler Consulting, 2010), it is not clear to what degree this is exacerbated by cashless gaming. Based on findings of this review, it is likely that cashless gaming may make this worse.

Together, findings of consumer literature highlight that cashless gaming is likely to have a negative effect on gamblers, when compared to using cash. However, at this stage, we cannot accurately estimate the precise extent of these effects. It is similarly unknown whether other harm-minimisation tools can mitigate these effects. This is also difficult to assess, given low gambler use of tools and given that past research has also conflated the effects of cashless gaming with other harm-minimisation tools (e.g., pre-commitment).

What can we learn about the possible harm of cashless gaming from gambling research literature?

While the consumer behaviour literature has made reasonable progress in understanding the effects of cashless payments when compared to the gambling literature, certain areas of gambling research highlight that cashless gaming may present an increased risk of harm to gamblers. In particular, Rockloff et al (2019) found that, EFTPOS use in Victoria was still associated with higher risk gambling, as was previously identified for ATMs (Thomas et al, 2013).

Accordingly, if any form of cash is available to gamblers, this may suggest it has potential to be associated with increased gambling harm. This may also be particularly true if cards hold more money than gamblers would otherwise keep in their wallet.

In Victoria, for instance, cards can hold $1000 maximum, and in Queensland and NSW, cards hold up to a maximum of $5000. This may imply that access to cash in cashless gaming could facilitate continued gambling by higher gambling risk segments. This is also a possibility, given that maximum withdrawals from EFTPOS or ATMs are much lower (e.g., single EFTPOS withdrawals have a maximum limit of $200 in Victoria and a total of $500 every 24 hours).

Indeed, just as gambling research demonstrates that access to any form of cash poses a risk to higher risk gamblers, access to greater amounts of cash on gaming cards may further heighten this risk.

Possibly the area of gambling research offering the most directly relevant insights into possible effects of cashless gaming comes from research relating to online gambling. One of the frequently reported disadvantages of online gambling, compared to land-based gambling, was that it is simply easier to spend money. This was largely attributed to the ease and swiftness of being able to repeatedly deposit money into accounts and because cashless payments ‘tokenise’ money.

In particular, Hing (2015) reported in a qualitative study, due to the use of ‘digital’ money (i.e., cashless forms of money), gamblers reported losing track of expenditure and found it easier to chase losses. This was attributed to the psychological attributes of cashless payments.

In this respect, cashless gambling money was described as merely ‘numbers on a screen’, ‘play money’ or part of a fantasy game without consequences. This was contrasted with having to take out ‘real’ money in a venue. In this respect, such research effectively implies what has been already established in consumer literature – in cashless payments, the pain of payment is far lower than the pain of payment using real money.

Tokenisation effects for money have similarly been demonstrated in other gambling research. These have shown that even use of credits, as opposed to cash, serves to ‘tokenise’ money. For this reason, authors such as Lapuz and Griffiths (2010) have explicitly recommended that gamblers use real money, rather than converting money to chips, tokens, credits or smart cards. Further supporting the need to detokenise money to avoid such effects, Loba et al (2001) found that displaying cash information helped pathological gamblers end their session sooner, compared to when credits were displayed.

Together, findings of research from such literature highlight that one of the key risks associated with gambling online involves the use of ‘cashless’ payment methods. In addition, gambling research relating to access to cash and tokenisation of money further highlight the risks of cashless gaming to consumers. From this perspective, online gambling may provide a ‘mirror’ to the many possible risks of cashless gaming using electronic payment methods.

It is noteworthy in this context that many regulators have banned credit cards being used for online gambling for this precise reason (e.g., as highlighted by Sztainert et al, 2020, who also found that credit cards were associated with gambling problems). However, it is unclear from gambling research whether debit cards or newer cashless payments (e.g., mobile payments using eWallets) have an identical effect. Based on consumer literature, it appears likely that debit cards will have a similar facilitatory effect (e.g., Runnemark et al, 2015).

If there are risks to cashless gaming, how do we best reduce these risks?

As the world rapidly moves towards increasing use of cashless payments, there is going to be increasing pressure to use cashless payment across all forms of gambling. The critical question then relates to how this transition can be best managed to minimise risk to consumers.

While research cannot directly answer this question, it highlights the need to first identify and measure the risk associated with cashless gaming in land-based gaming. Effects need to be accurately measured, as discrete from the effects of pre-commitment or other harm-minimisation tools and especially in real-world settings (rather than laboratories). Once these effects are identified and measured (if they do exist), it becomes easier to manage these from a harm-minimisation perspective.

In addition, specific effects need to be not only measured for card-based cashless gaming and TITO, but also for different methods of crediting gambling accounts. These may include debit cards, contactless mobile payments (including different methods of crediting the eWallets) and other similar payment methods.

Research from this review provides indirect guidance on some measures that may be needed to minimise harm in cashless gaming. Using consumer behaviour literature, in particular, it could be argued that methods need to be developed to make cashless payment in cashless gaming just as 'painful' as paying with cash.

Two examples from literature that offer possible avenues for exploration relate to providing messages about the 'hard work' associated with obtaining cash (e.g., Wong and Lynne, 2017) and equating cashless expenditure to items of value (e.g., Hurla et al, 2017).

While there has been a reasonable amount of research in the field of responsible gambling messaging (e.g., Gainsbury et al, 2019), this area of research has not explored the specific messages needed in cashless gaming to make gamblers experience the same 'pain of payment', as when they gamble with cash. Accordingly, this should be an area of research attention and policy development prior to introducing high ease of use cashless gaming.

As highlighted in the study of consumer use of welfare debit cards, it will be important to continue to reinforce price cues to gamblers when gambling, as evidence suggests that these may diminish when cashless payment instruments such as debit cards are used (Greenacre and Akbar, 2019).

The need to keep gamblers constantly aware of expenditure in cashless gaming is similarly highlighted through this review. In particular, a study highlighting that email transactional statements are not as effective as printed transactional statements in helping consumers manage expenditure (e.g., London School of Economics, 2015) point to the need for printed statements to be made available to gamblers (rather than cashless statements).

Pre-commitment trials showing that gamblers find it difficult to find their cashless gaming card balance when sitting at an EGM (e.g., Schottler Consulting, 2009) highlight that balances and arguably also transactional information must be available directly at the EGM. In addition, this trial also highlighted that many statements in cashless gaming systems can be very confusing to gamblers and require significant refinements in formatting and language before statements are understood.

Research showing the benefit of presenting menus for minimum payment warnings on credit cards additionally highlights the potential for annotations and online data to be prompted to make gamblers explicitly aware of their gambling expenditure (Salisbury and Zhao, 2020). For instance, there may be value in bringing to gamblers awareness that their expenditure has increased and that it would be recommended to now set a limit on their spending.

A review of international developments in cashless gaming highlight that some jurisdictions are moving towards increasing use of cashless gaming in response to COVID-19. However, in spite of such developments, jurisdictions

such as Sweden are quite concerned that this transition may be negatively impacting vulnerable members of society (e.g., the elderly and people with disabilities).

Governments of both Sweden and Finland have similarly implemented recent consumer protection measures in gambling (e.g., limits on gambling spending), given that the massive economic crisis emerging from COVID-19 is affecting so many people's mental health and overall wellbeing. Accordingly, this highlights that, in spite of the possible public health benefits of contactless payment methods, gambling generally and cashless gaming specifically may be extremely harmful for some gamblers in the community at this very challenging and unprecedented time.

Some possible vulnerabilities have also been identified in Australia, in terms of the way we use cashless payments. The Reserve Bank of Australia reported that, in 2019, 50 per cent of people 65 years and older in Australia still used cash, and that high cash users (people using more than 80 per cent cash for transactions) primarily used cash for budgeting or self-management reasons. In addition, cash is also being used by a larger percentage of people in the two lower income quartiles, when compared to the top two income quartiles.

This means that for a majority or more in these groups that use of cash is fundamental to how a large proportion of consumers manage spending.

Accordingly, such data highlights that particular care needs to be taken to ensure that vulnerable consumers do not have control over spending undermined or negatively affected by cashless gaming or by the transition to fully cashless payments.

Pressures for cashless societies coming from the COVID-19 pandemic also highlight that such risks also need to be considered from a much broader societal perspective.

As pre-commitment trials in Australia have conclusively shown that many gamblers do not opt to take up limits and related harm-minmisation tools for gambling, there is a clear need to design regulatory processes and procedures over and above pre-commitment to protect consumers from gambling harm. Indeed, while it can be claimed to have such tools available for consumer protection, they will provide no clear benefit to consumers when using cashless gaming, if such tools are not generally used. This further highlights the need for measures to better protect consumers in such circumstances.

Just as air bags in vehicles are built-in to deploy in vehicles in case of an expected vehicle crash, consumer protection measures beyond pre-commitment are arguably needed in cashless gaming to better protect consumers from harmful spending.

In this regard, some research from online gambling has highlighted the benefit of hard deposit limits in online gambling. While Gainsbury et al (2020) reported that deposits were only used by around one quarter of gamblers, they were also reported as quite effective when used. Of those using such limits, 64 per cent felt that the these had reduced their spending and 53 per cent felt that they had helped increase their control over gambling. However, given that Heirene et al (2021) also recently found that deposit limits were of limited value if they can be easily changed, the ability to easily increase or remove limits needs to be considered in this context.

Accordingly, deposit limits and total balances kept on cards may be avenues for future policy consideration (especially those hard to alter). In this context, it is particularly important to consider the intersection between existing limits on monetary withdrawals in venues (e.g., EFTPOS in Victoria, ATMs in other states) and available cashless forms of gambling. For example, it could be argued that high cashless card balances could undermine the associated harm-minimisation objectives of EFTPOS limits (i.e., allowing a card balance of $1000 is in conflict with a regulation to limit EFTPOS to $200).

Card-based pre-commitment trials in Queensland involving cashless gaming systems have identified eight structural characteristics of cashless gaming with potential to impact gambling harm during cashless gaming. These have been documented for the first time in this review and emanate from three real world pre-commitment trials involving cashless gaming.

From this perspective, these important structural characteristics and their interaction with existing consumer protection regulations warrant careful consideration prior to introducing any new cashless gaming systems in any jurisdiction (Box 1).

Box 1. Eight important structural characteristics of card-based cashless gaming systems that have potential to protect or harm gamblers, if they are inadequately designed.

1. Maximum card balance limits for cashless cards – including their intersection with other regulations designed to protect gamblers from potential harm (e.g., EFTPOS limits, ATM limits, cheques).
2. Use of cash crediting terminals and EGM-based crediting of cards as methods of allowing gamblers to place money on their cashless gaming card.
3. The maximum amount that can be transferred from cashless gaming cards to EGM credit meters.
4. How and where EGM transfer amounts can be set and changed by gamblers including protocols for increasing and decreasing credit meter transfer amounts.
5. The locations that gamblers can access the balance of their cards including the importance of being able to easily check cashless card balances at an EGM and away from the EGM.
6. The availability of salient buttons on cashless card sandwich boxes adjacent to EGMs that allow gamblers to check the balance of their cashless gaming card.
7. The format, content and overall of gambling expenditure on player activity statements.
8. Whether, how often and in what format player activity statements should be provided to gamblers to maintain their awareness of gambling expenditure.

Accordingly, optimising these characteristics has significant potential to improve the design of cashless gaming systems to minimise risks and potential harms to gamblers. It should, however, be noted that these are only based on a review of already developed systems and that future system design may have potential to further reduce harms of cashless gaming in these or other new areas.

Conclusion

In conclusion, this rapid review has identified substantial and concerning evidence that cashless gaming using monetary substitutes such as gaming cards may facilitate less controlled gambling behaviour and potentially lead to gambling harm in some consumers. It has also identified the potential for some vulnerable segments of society to be negatively impacted by cashless gaming.

This is largely attributed to research evidence that suggests that the ‘pain of payment’ in cashless payment methods is lower than when using cash.

Together, findings point to the need for further research to not only establish who is affected by cashless gaming (or whether all gamblers are affected), but to also identify how gambling may be affected by all non-cash payment methods including credit cards, debit cards and mobile payments using eWallets.

The second priority is to identify how such payments can be made closer to, or equivalent to, cash. The third priority is then to identify whether and how other harm-minimisation tools can be used to mitigate the effects of cashless gaming and associated cashless payment methods used in gambling.

Introduction

This report presents a rapid review of research literature to examine the effects of cashless gaming from a gambling harm-minimisation perspective. Cashless gaming involves the use of non-cash gaming tokens for land-based gambling. The review was prepared during late June 2020 for the Victorian Responsible Gambling Foundation.

The Foundation sought to better understand the effects of cashless gaming on gambling behaviour and harm, given the potential for cashless gaming to become more widely used across Victoria due to COVID-19. As a Foundation role is to address the determinants of problem gambling, it was considered important to understand the potential for widespread cashless gaming to present harm the Victorian community.

At the time of the review, 60 of the 492 Victorian pubs and clubs had implemented cashless gaming. This followed a recent legislative change in January 2019 to permit cashless gaming in Victorian EGM pubs and clubs.

Key objectives

Within this context, specific objectives of the rapid review were to:

1. Examine the national and international context of cashless payments
2. Explore the possible effects of cashless gaming as identified in research literature
3. Identify recent jurisdictional developments in cashless gaming due to COVID-19

Cashless gaming in Victoria

On 30 January 2019, the Gambling Amendment (Cashless Gaming) Regulations 2019 introduced new regulations allowing non-cash gaming tokens to be made available at Victorian pub and club EGM venues. Technical standards were also published by the Victorian Commission for Gambling and Liquor Regulation (VCGLR) for the operation of cashless gaming on EGMs.

Technical standards permit both ticket in ticket out (TITO) and card based cashless (CBC) gaming to be provided in Victorian EGM venues. While Crown casino also provides cashless gaming, separate legislation exists for casino operations.

TITO – In TITO, the ticket in (TI) functionality is equivalent to a player inserting cash. The ticket out (TO) functionality is equivalent to a player pressing collect and collecting credits from the EGM.

CBC – Card based gaming (CBG) gaming cards must be the same cards used for the Victorian state-wide pre-commitment and loyalty scheme associated with gaming. Cards may be casual/anonymous or registered to a player. Every card must be linked to an account or ‘cashless wallet’, each with a unique identifier.

COVID-19

This review was conducted during late June 2020 during the COVID-19 pandemic. COVID-19 is a global pandemic affecting both Victoria and Australia. As a viral, highly-contagious respiratory illness, the Novel Coronavirus, known as COVID-19 has been present in Australia since January 2020.

Given concern that handling of cash and other surfaces may spread COVID-19 (although this has not been proven), it was considered possible that gambling venues may elect or be required to switch to cashless gaming. Within this context, the Foundation wanted to gain a comprehensive understanding of research that may provide insight into the possible effects of cashless gaming, should it be more widely used in Victoria.

Types of gambling products of relevance to this review

Gambling products in scope of the current review were EGMs and gambling products in land-based venues and retail outlets (e.g., sports or race betting at the pub, keno at the club, retail lottery purchases etc.). It should also be noted that cashless gaming literature is mainly from studies examining EGMs and cashless gaming and few other land-based products have received research attention. Online gambling, however, as a product was outside the scope of this review.

In this context, while some useful research relating to online gambling is drawn upon in this review, the use of cashless payment technologies for online gambling specifically was considered outside the scope of products of interest to the review. Interactive gambling more generally, however, is acknowledged as a special topic that may also benefit from future research on payment methods and technologies.

A snapshot of cashless gaming and card regulations in Australia

Cashless gaming is also available in all states and territories of Australia. Cashless gaming permitted by jurisdictions generally includes both card-based gaming, TITO and other variants (Table 1). However, some jurisdictions have only permitted TITO in casinos (e.g., NSW, SA). Information on the rationale for the design of harm-minimisation features of cashless gaming across Australian jurisdictions is generally not published.

The amount of cash that gamblers have access to through cashless gaming (via card-based cashless gaming) varies by jurisdiction, with some jurisdictions specifying no limits and others setting very high limits (e.g., $5000 in Queensland clubs and hotels).

Table 1. Availability of cashless gaming in Australian states/territories (July, 2020) (Supplied by the Victorian Responsible Gambling Foundation)

State/ territory	Cashless gaming availability	Cashless gaming account card limits
ACT	Approved for clubs only (not in the casino)	Commissioner has powers to set the maximum card balance
NSW	Card-based approved for hotels and clubs. TITO approved for casino and standalone EGMs at hotels and clubs	$5000
NT	Approved for hotels, clubs and casinos	Requires approval, but no value stated
QLD	Approved for hotels, clubs and casinos. Card-based no longer requires pre-commitment functionality	$5000 hotels/clubs $9999.99 casinos
SA	Approved for hotels, clubs and casinos. TITO approved for premium areas of casino	Commissioner has powers to prescribe a maximum balance
TAS	Approved for casinos	No reference in casino legislation
VIC	Approved for hotels, clubs and the casino	$1000
WA	Approved for casino. N/A for hotels and clubs	No reference in casino legislation

Methodology for rapid review

As there is very limited research on the topic of of cashless gaming, the aim of the current review was to identify relevant sources of scholarly literature, with potential to inform of the effects of cashless gaming, rather than to conduct a systematic review of literature only on the topic of 'cashless gaming' (i.e., this literature is currently too limited to permit a systematic review or meta-analysis).

For this reason, the review involved searches of scholarly journals and grey literature to identify literature of potential relevance to cashless gaming. In addition, searches were repeated in Google Scholar and in Google generally to ensure a comprehensive search process. Databases searched included DeepDyve, APA PsycNet (which links to over 4.8 million records), Jstor.org, Pubmed and the Social Science Research Network.

In most cases, searches were for papers and information from 2004, as this was the year cashless gaming emerged in Australian research literature (based on the work of Nisbet in 2004). However, a number of earlier papers were also incorporated into the review. In relation to recent grey literature on consumer payment use in Australia, and similar topics, the most recent research was identified to ensure that the latest research could be incorporated into the review.

Searches in scholarly databases included use of search terms such as cashless gam*, cashless, payment method, payment instrument, electronic payment, digital payment, card-based gaming, ticket in ticket out, mobile payment, consumer spending, consumer payments, along with general searches for literature that may guide investigation of the effects of cashless gaming (e.g., access to cash gambling, tokenisation of gambling, online gambling, gambling payment, cash gambling etc.). Some literature on working memory and mental accounting was also examined, given its potential to help clarify the effects of cashless gaming.

In addition, major topics and abstracts of journals in field of gambling research were examined to assess whether any additional topics may shed light on the impacts of cashless gaming. This included the Journal of Gambling Research, Journal of Gambling Studies, International Gambling Studies, Journal of Gambling Issues, National Association of Gambling Studies conference research abstracts and the like. Research repositories relating to gambling research were similarly scanned for potentially relevant insights including the Victorian Responsible Gambling Foundation research library, Gambling Research Exchange Ontario (GREO) and research reports from Gambling Research Australia.

A breakdown of the types of literature incorporated into the rapid review by year is below. A total of 137 papers were included in the review. A total of 80 papers were from 2016 or later, 21 papers were from 2010-2015 and 36 papers were from earlier than 2010.

Year of papers	N	%
Earlier than 2010	36	26
2010-2015	21	15
2016 and onwards	80	58
Total	**137**	**100**

Structure of the current review

While cashless gaming has been present in many EGM venues across Australia for many years, there has been surprisingly very limited research on the effects of cashless gaming on gambler behaviour and gambling harm. From this perspective, the current rapid review attempts to distill related bodies of research that may provide insight into the possible risks and harms of cashless gaming. A discussion section is also prepared to discuss overall observations from this literature (Refer 'Discussion of findings – What does this tell us about cashless gaming?).

This review aims to achieve this objective by examining literature and research as follows:

- **Section 1. The national and international context of cashless payments** – As it is well-known that both Australia and most other countries across the world are increasingly moving to cashless payment systems, this section sets the context for the review by briefly examining the transition of both Australia and other countries towards cashless payment technologies. This explores key drivers of the transition and associated costs and benefits. In addition, use of cashless payments in a globally leading cashless economy, Sweden, is also briefly examined.
- **Section 2. What does consumer behaviour and related literature tell us about cashless payments?** – Given the very few studies on cashless gaming available in gambling research literature, this section examines consumer behaviour and related literature (e.g., cognitive psychology literature) to explore possible effects of cashless gaming. Literature highlighting specific trends in the use of cashless payments in Australia are also examined from the most recent Consumer Payments Survey (RBA, 2020).
- **Section 3. What does the gambling research literature tell us about cashless gaming?** – This section examines studies specifically conducted on cashless gaming to identify its possible effects from a gambling harm-minimisation perspective. Findings of Australian pre-commitment trials that have included a component of cashless gaming are also reviewed, along with literature from other areas of gambling research. This latter literature aims to explore possible effects of cashless gaming by drawing on research in a number of related fields (e.g., research on access to cash in gambling, research on online gambling).
- **Section 4. Recent jurisdictional developments in cashless gaming regulatio**n – This section summarises recent international developments in the regulation of cashless gaming in three major jurisdictions (the US, Sweden and the UK) and also briefly examines other literature highlighting the role that COVID-19 may play in increasing the adoption of cashless payment technologies and cashless gaming.

SECTION 1.
THE NATIONAL AND INTERNATIONAL CONTEXT OF CASHLESS PAYMENTS

Global developments in cashless payments

Global movement towards cashless societies

With new payment technologies rapidly evolving, many countries around the world are steadily moving towards becoming cashless, or near-cashless, societies. It is clear that key factors contributing to this shift vary from country to country and depend on the complex interaction of laws, politics, business interests, technologies, and similar factors (Arvidsson, 2019).

Although it is difficult to pinpoint which factors are the most important determinants of the transition to a cashless society, a major driver affecting the speed at which countries move towards becoming cashless relates to government regulations to limit use of cash within society. This has in part occurred to combat the black economy in some jurisdictions.

For instance, in May 2016, the European Central Bank announced that the issue of the very large Euro 500 banknote would be discontinued (a note of value to black markets). In November 2016, the government of India announced the drastic step of demonitising the two most popular denominations, the 500 Rupee and the 1000 Rupee notes (Krueger & Seitz, 2018). Several central banks around the world, including in Sweden, are similarly investigating the introduction of digital currencies (Riksbank, 2018).

Together, such developments illustrate that the world is moving towards increasing use of cashless payment methods and that many factors are driving this trend.

Convenience and cost of cashless payments as main drivers

While many factors contribute to the use of cashless payments throughout society, convenience and cost reduction are argued by Almeida et al (2018) as the most critical overall drivers for the commercial sector. The introduction of mobile payment and digital wallet systems - such as Apple Pay, Google Pay, Alipay and WeChat - are examples of payment solutions that provide increasing convenience to consumers (Australian Payments Nework & AT Kearney, 2018).

Such mobile applications store electronic representations of payment cards that can be used to make contactless payments at points-of-sale using Near Field Communication (NFC) or Quick Response (QR) codes. This technology enables person-to-business and person-to-person money transfers (RBA, 2020). It has also created a shift towards ‘context-based’ payments, where payments are incidental or invisible to consumers.

An emerging example of this type of payment innovation is found at Amazon (ATKearney & Australian Payments, 2018). The company provides physical dash buttons to attach to products (e.g., a washing machine), allowing consumers to simply ‘press a button’ when they want to make a purchase (e.g., washing powder). This triggers an invisible payment using stored credentials.

Trends in Sweden towards becoming a fully cashless society

Sweden is regarded as a world leader in the global race to become a cashless society. Swedish society has changed profoundly in the past decade due to attempts to replace all cash with digital payment methods (Arvidsson, 2019). Sweden’s central bank, Riksbank, reported that in 2018, only 13 per cent of consumers paid for their last transaction in cash (Riksbank, 2018). Many banks also no longer offer cash services and many stores and cafes will not accept cash.

Many factors have contributed to Sweden becoming a near cashless society and some relate to the country's legal and policy frameworks. One fundamental factor that differentiates Sweden from other countries is the legal constitution that actually allows a merchant to say: *I do not accept cash*. This is one important reason why the use of cash is decreasing rapidly (Arvidsson, 2019). Other interesting developments are described in Box 2.

Box 2. Factors influencing the Sweden's transition to becoming a fully cashless society

The Riksbank in Sweden contributed to the shift by eliminating the country's highest denomination bill in 1991. The Government of Sweden stated that access to cash should be provided to all in society, but it is only the responsibility of Government to provide services if there is market failure (Ministry of Finance, Sweden, 2016).

In this context, the main role of the Government of Sweden and the Riksbank is to oversee that payment technologies are provided by the market. This has encouraged many different cashless payment services to be developed in Sweden and has decreased the country's reliance on cash (Arvidsson, 2019).

Arvidsson (2019) reported that changes in the Swedish tax system additionally contributed to the reduction in cash transactions. Incentives were introduced to reduce the use of 'black money' in the construction and household services sectors. Private individuals could obtain tax reductions, if they paid construction and/or household services using cashless payment methods.

This meant that cash payments were replaced by invoices, which reduced the incentive to not pay tax. New tax laws similarly imposed restrictions to prevent manipulation of cash registers, which led to merchants gradually reducing their acceptance of cash in preference for card payments.

A further factor likely to push Sweden further towards becoming a fully cashless society is the possible introduction of a new digital currency. Sweden's central bank commenced a project in 2017 to examine the possibility of introducing a central bank digital currency (CBDC) called the e-krona. An e-krona would give the general public access to a digital complement of cash, where the state would guarantee the value of the money (Riksbank, 2018).

Another important factor related to the rapid advancement in payment technologies. In 2012, Sweden began moving toward digital payment applications when it launched Swish, a government-backed app that links an individual's phone number to their bank account (Arvidsson, 2019). This enables instant mobile transfers of money from person-to-person or from person-to-business.

Riksbank reports that use of Swish has increased very rapidly in recent years (Riksbank, 2018). Results of surveys conducted by Riksbank revealed that, in 2014, around 10 per cent of respondents had used Swish during the past month, and in 2018, this figure had jumped to 60 per cent (Riksbank, 2018).

Advancements in technology have also led to the development of microchips in Sweden, which are implanted under human skin to replace the need to carry around passes, keys and credit cards (Rothschild, 2020). Sweden's largest train company has started to allow commuters to use these instead of tickets, eliminating the need for cash or cards.

Given these many developments, Arvidsson et al (2018) predicted that around one quarter of merchants will stop accepting cash in the country by 2020 and another one quarter will cease by 2025.

When Australia may become a cashless society

As in Sweden, Australia is rapidly moving towards becoming a fully cashless or near cashless society. The country is ranked the sixth most cashless society in the world, based on the number of electronic payments per year in 2019 (Yee, 2019).

According to the Reserve Bank of Australia (RBA) 2019 Consumer Payments Survey (RBA, 2020), Australians are increasingly preferring to use electronic payment methods, with just 27 per cent of all consumer payments made with cash, compared with 37 per cent in 2016 and 69 per cent in 2007. Australia's growth in digital payments is reported to be enabled by a high number of point-of-sale (POS) devices across the country.

RBA statistics also highlight that the average Australian makes 500+ electronic payments a year (RBA, 2020). Global firm, Research and Markets (2018), predicted that Australia could become the Asia-Pacific's first cashless society by 2022.

The Commonwealth Bank, however, predicts that this is more likely to happen by 2026 (Yee, 2019).

The RBA 2019 survey showed that debit and credit cards combined are the most frequently used payment methods in Australia, with card payments now representing about three quarters of the total number of non-cash retail payments. The convenience of using cards for payments has been enhanced over recent years by the widespread adoption of contactless 'tap-and-go' functionality at merchants, which has resulted in increased use of cards for low-value purchases.

As the digital economy continues to gather pace, demand for ATMs has also been shown to be reducing. The RBA's Payment Systems Board 2019 Annual Report stated that the total number of ATMs in Australia had declined by 12.5 per cent (about 4,100 machines) since the peak in 2016.

Industry-wide figures additionally show that, in the year to September 2018, the total number of ATMs around the country fell by almost 2000, or six per cent, to 30,219 (ATKearney & Australian Payments Network, 2018). Usage had fallen significantly too, with data from the RBA showing that the number of transactions declined three per cent in the year to January 2019 (RBA, 2020). In the past decade, it is also noteworthy that transaction numbers have fallen more than 35 per cent.

Factors contributing to the reduction of cash payments in Australia

The reduced use of cash for transactions in Australia over the past decade largely reflects consumers preferring to use debit and credit cards for in-person payments, including for many low value payments.

In particular, the RBA 2019 Consumer Payments Survey revealed that overall, 83 per cent of point-of-sale card transactions were contactless, initiated by tapping a card or mobile device. Growth in e-commerce has also played a role, as these transactions require an electronic payment method.

Strong growth in card payments has also been driven by the rising popularity of debit cards. According to the RBA Payments System Board Annual Report (2019), the number of debit card transactions grew at an average annual rate of 14 per cent over the past decade, compared to a rate of seven per cent for credit cards.

Growth in the value of debit card payments also exceeded that for credit cards. Consequently, over the past decade, debit cards rose from a third to one-half of the total value of card transactions. There are now around 43 million debit cards on issue in Australia, compared with 21 million credit cards.

Another contributing factor to the Australian use of cashless payments is the introduction of the New Payments Platform (NPP) in early 2018 (ATKearney & Australian Payments Network, 2018). This facilitates real-time payments between entities making and receiving payments. This has been a major upgrade to Australia's retail payments infrastructure.

Consumer demand for convenience has also supported strong growth in 'remote transactions' over recent years. Remote transactions are online payments and payments made through mobile apps (e.g., ride-sharing or meal delivery apps). According to the RBA Payments System Board Annual Report (2019), remote transactions accounted for 16 per cent of the number of all card purchases in June 2019, compared with only 12 per cent five years earlier.

The RBA similarly predicted that the launch of mobile payment platforms, or 'digital wallets', such as those offered by Apple, Google and Samsung, may further accelerate the move towards a cashless economy.

Data from the Roy Morgan Digital Payments Report from May 2020 shows a sharp increase in use of non-bank contactless mobile payment services compared to the year prior. A total of 10.8 per cent of Australians now use non-bank contactless mobile payment services such as Apple Pay and Google Pay, up from 7.1 per cent a year ago.

Possible effects of COVID on the use of electronic payments

Given that COVID-19 has only just recently occurred, there has been limited discussion about how the pandemic is likely to affect the transition of Australia towards a cashless society.

However, some interesting thoughts have been shared by RBA staff in a conference speech in June 2020. The RBA Assistant Governor, Michele Bullock, stated that the long-term decline of cash has been accelerated by merchants and consumers concerned about hygiene during the COVID-19 pandemic, with many putting up signs asking for card payments or rejecting cash altogether.

Bullock additionally stated that payment providers facilitated these moves by temporarily raising the transaction limit, below which a PIN is not required for a contactless card payment from $100 to $200. Banks promoted mobile payments, which often do not require PINs, even for large purchases. Banks were also reported to obtain dispensation to mail out debit cards to a large number of customers without such cards.

Bullock reported a view that such changes are likely to result in permanent shifts in consumer behaviour. Consumers who have recently obtained a debit card now have an ability to use their card at points of sale and for online purchases.

Bullock similarly commented that the increased use of online shopping, during the COVID-19 'stay at home' period, may have led to a permanent shift in consumer behaviour, and that many retailers have increased their online offerings as a result.

Bullock indicated that ATM withdrawals in April 2020 were down 30 per cent from the month prior and were more than 40 per cent lower than the year before. This was also described as likely to lead banks to reduce ATMs.

At the November 2018 Australian Payments Summit, RBA Governor Dr Philip Lowe stated that the average cost of cash transactions is likely to rise, as the volume of cash transactions falls. This means that, in time, it may no longer be profitable for retailers to accept cash.

According to a 2019 Commonwealth Bank white paper, Sweden and China have demonstrated that falling cash acceptance by merchants and retailers is more likely to drive the death of cash than government mandates (Yee, 2019).

Global Data (2020) additionally predicted that, in Australia, new Open Banking legislation may eventually make many more alternative digital payment methods available to the average consumer. Deloitte Access Economics (2019) reported that Open Banking *'gives consumers the power to securely share their selected banking data with accredited third parties. Open Banking lays the foundation to improve consumer experience and create new products and services, and change the competitive landscape'* (DAE web site, 2020).

Other advantages and disadvantages of a cashless society

A range of authors have identified a number of other advantages and disadvantages of a cashless society (Box 3 and Box 4). Most notably, one reported disadvantage related to a concern that vulnerable members of society may be adversely affected by the rapid transition to cashless payments (Arvidsson, 2019).

Box 3. Advantages of cashless societies identified in literature

- Ramya et al (2017) – The convenience and ease of conducting financial transactions
- Ayoola (2013) – The elimination of counterfeit money, theft of cash by employees, and cash burglaries
- Kaur (2019) and Schneider (2017) – Reduction in black market activity such as money laundering, tax evasion and illegal transactions. Funding illegal activity is also more difficult in a cashless society.
- Australian Treasury (2019) – The Australian Government introduced the Currency (Restrictions on the Use of Cash) Bill 2019 in September 2019 which, once passed, will make cash transactions of more than $10,000 illegal. The Bill has been introduced to reduce illegal activities (e.g., tax evasion)
- Kaur (2019) – Reduction of costs associated with printing and maintaining physical currency, better hygiene from non-use of cash and electronic transactions provide improved payment transparency and accountability in society.

Box 4. Disadvantages of cashless societies identified in literature

- Arvidsson (2019) – The author reported that a parliamentary review is taking place in Sweden due to concerns that the move to a cashless society is happening too rapidly and is adversely affecting vulnerable members of society. These include the elderly, people with disabilities, people who are homeless and people in rural areas.
- Sater (2019) – The author argued that a cashless society allows for an increased level of government surveillance. China's social credit system was cited as an example of where privacy has been undermined. This was created in collaboration with Alibaba Group and gives a score to each of its citizens, tracking their movements, friendships, romantic relationships, health records, reading habits, shopping behaviours, and, financial status. Information on the consumer's financial status is tracked by extracting information from digital payments.
- Fabris (2019) – The author reported that a cashless society is vulnerable when internet and banking systems fail. For example, a technical error in Australia in 2019 saw ATMs and EFTPOS machines unable to accept payment or distribute cash (Cooke & Chrysanthos, 2019).
- Rivera (2019) – The author identified that that a cashless society faces an increased risk of underground financing through the 'Hawala system'. For instance, Tade and Adeniyi (2020) reported that an outcome of the cashless policy in Nigeria has been electronic banking fraud.
- Ramya et al (2017) – Argued that a cashless society presents an increased risk of online fraud and identity theft.

Together, a brief review of national and international developments in cashless technologies highlight that many countries – including Australia – are rapidly moving towards becoming cashless societies and many factors are driving this trend. While there are many noted advantages and disadvantages of cashless payment technologies for society, it is noteworthy that some major risks are also apparent. Within this context, it is important to understand how cashless payments affect consumers to both ensure that risks are managed and that strategies can be developed to protect consumers.

What does this tell us?

In summary, research highlights that:

- Many countries are rapidly transitioning to become cashless societies – This has been predicted to occur in Australia around 2022 to 2026
- Consumer convenience and the lower cost of cashless payments are major drivers of the transition away from cash
- ATMs are rapidly reducing in number as Australians reduce their use of cash
- New Open Banking legislation that allows users to share banking data with third parties, is expected to lead to growth in the availability of cashless payment methods
- While there are many benefits of cashless societies, leading countries such as Sweden are starting to express concern that the transition to cashless payments is negatively affecting vulnerable members of society
- There is some speculation that COVID-19 may have resulted in permanent changes in consumer payment behaviour and use of cash.

SECTION 2.
WHAT DOES CONSUMER BEHAVIOUR AND RELATED LITERATURE TELL US ABOUT CASHLESS PAYMENTS?

What do we know about the use of cash and cashless payments in Australia?

In spite of the importance of protecting consumers, relatively little research has examined how the psychology of money and monetary payments has changed since the progressive phasing out of cash from Australian society. This presents an interesting research question, given the decline in the use of cash in Australia from 1969 to present times (Box 5).

Given the decreasing use of cash, it is plausible that new payment methods are impacting consumer behaviour, which raises questions about how this may be occurring and the psychological and cognitive mechanisms underpinning such changes.

Box 5. Australia's transition away from cash – psychological impacts of such changes have had relatively little research

1969 – Australia's first ATM was installed by the Commercial Banking Company of Sydney. A customer entered a six digit number and $25 maximum was dispensed. The card was then sent back to customers through regular mail

1975 – Arrival of Bankcard, Australia's first credit card. Food retailers only accepted cash, so cash was essential for everyday purchases

1977 – Computised ATMs were first introduced into Australia, with the very first ATM in Brisbane

1980 – The Commonwealth Bank and the Bank of New South Wales began installing ATMs in 1980, with machines operational only on limited hours (7am to 11pm)

1980s-1990 – ATMs installed across Australia as all banks moved to electronic banking

2011 - Google Wallet was introduced as company's first mobile payment system (developed for Android devices in 2011). In 2015, it was renamed Android Pay, with Google Wallet refocused to strictly peer-to-peer (P2P) payments.

2014 – During October apple launched Apple Pay

2016 – In July 2016, Android Pay was operational in over 52 banks to bring easy contactless payment to Australians

By 2017 – ATM numbers were declining, as 'Tap and Go' cards were increasingly replacing cash.

Within this context, the current section of the review presents a critical analysis of consumer behaviour literature that may directly or indirectly relate to impacts of changing payment methods in Australia.

As this topic has not been well-researched, a range of different types of literature in the consumer behaviour and cognitive psychology fields are drawn upon to identify possible implications for the decreasing use of cash in Australian society.

Such literatures provide useful contextual information into possible issues that may affect the use of cash or cashless methods in gaming and gambling in Victoria.

What changes have occurred in the use of cash in Australian society?

The first question that provides insight into possible impacts of declining use of cash relates to historical changes in the use of cash in Australian society. The Reserve Bank of Australia Consumer Payments Survey (CPS) (2019) highlights an overall decline in the transactional use of cash in Australian society (RBA, 2020).

This is also the most recent and largest study examining consumer use of cash in Australia. The survey is robust and includes a pre-diary questionnaire, a seven-day payments diary and a post-survey questionnaire examining respondent payment preferences and attitudes. While data is primary collected online, the study includes recruitment of participants without internet access via phone to ensure a representative sample.

The Consumer Payments Survey (2019) highlights that cash use in Australia is on the sharp decline. In 2019, only 27 per cent of consumer payments were made with cash and this was a decline of 42 percentage points since 2007 (where 69 per cent of the community used cash).

It is noteworthy that the 2019 CPS reported that around a third of Australian consumers do not use cash at all in a typical week and a quarter held no cash in their wallet (compared to eight per cent in 2013). This highlights that cash use is rapidly declining in Australia and a large proportion of Australians are happy not to use cash at all.

Why do consumers use cash in Australia?

Reasons consumers report using cash provide indirect insight into psychological aspects of cash use. Respondents in the survey (RBA, 2020) were segmented into Low and High cash users. Low cash users were consumers using less than 20 per cent cash, while High cash users were those using 80 per cent or more.

While specific percentages are not yet available for the 2019 survey (only graphs without values are available until late 2020), the top reasons the Low cash group used cash were for merchant acceptance (estimated at between 45-50 per cent), for small transactions (estimated at around 15 per cent) and to avoid card surcharges (estimated at just under 10 per cent).

In comparison, reasons for cash use were quite different for High cash users. They included use of cash for budgeting/a preference to use their own funds (estimated between 45 and 50 per cent), for small transactions (estimated at around 15 per cent) and for fraud or privacy concerns (estimated at just under 10 per cent).

Accordingly, the key difference between groups related to use of cash for budgeting or money management reasons. This was substantially higher for the High cash user group, estimated 45–50 per cent, compared to only around five per cent for the Low cash user group.

A further interesting insight relates to the tendency for consumers to hold cash in and outside a wallet. Consumers reported holding only $45 cash in their wallet (the median value in 2019) and nearly 40 per cent reported holding cash outside their wallet (e.g., a ‘stash’ of cash at home).

The top three reasons for this latter result were largely ‘precautionary’ reasons – namely, for emergency transactions, for budgeting and to avoid unnecessary withdrawal time, fees and access.

The survey similarly reported that cash transactions in Australia were being more frequently used for smaller than larger transactions, with the highest proportion in 2019 being used to make purchases under $10.

How often do consumers use ATMs and EFTPOS to access cash?

Consumer use of different sources of cash provides insight into where consumers are accessing cash in the Australian community. While 2019 survey results were not available, the 2016 survey revealed a number of indicative trends.

In 2016, consumers made a mean of 0.4 ATM transactions per week, compared to 0.9 in 2007. In addition, while 86% of survey respondents reported accessing any form of 'cash top-up' in the 2007 survey week, the same figure was substantially lower in 2016 at only 45% of respondents.

Obtaining cash through point-of-sale EFTPOS followed a similar trend (0.1 in 2016 compared to 0.3 in 2007). Interestingly, however, the amount of cash accessed changed very little from 2007 to 2016 ($100 via ATM in both 2007 and 2016). While specific reasons are unclear, this may be due to the use of cash for small purchases or possibly because having cash provides some consumers with a level of psychological reassurance.

What are the demographics of Australian cash users?

The most recent Consumer Payments Survey (RBA, 2020) provides insight into the demographics of consumers using cash in Australia in 2019. Not surprisingly, cash is used by a higher percentage of consumers in older age groups, with cash use estimated at 50 per cent for people 65 or older. In comparison, cash use is estimated at just over 30 per cent for people 50-64, at just over 20 per cent for people 40-49 years and around 10 per cent each for people 18-29 years and 30-39 years.

While data is not published for the 2019 survey, the 2016 Consumer Payments Survey (RBA, 2017) highlighted that regional consumers may rely more heavily on cash than metropolitan consumers, with respectively 44 and 34 per cent of their payments being made with cash.

When income is considered, cash was also reported to be used by a higher percentage of people in the two lower income quartiles (compared to the two higher quartiles). Although the difference between these was still only an estimated 15 per cent.

Do consumers use cash in bars and clubs in Australia?

The 2016 Consumer Payments Survey (RBA, 2017) provided insight into the percentage of transactions being used by consumers at different merchants in Australia. Of relevance to use of cash at gaming venues, the use of cash at pubs and bars was measured in the 2016 survey.

Of the 37 per cent of respondents reporting use of cash in 2016, 58 per cent reported use of cash at pubs or bars. However, it was unclear whether this related to only food or whether all services were included (including gambling).

Relative to other merchants, cash was used at pubs and bars for a higher percentage of transactions. The only other merchant type where cash was used by a higher percentage of consumers was at small food stores.

What do we know about use of cashless payment methods in Australia?

The Consumer Payments Survey in 2019 additionally provides insight into the use of cashless payment methods in Australia for payment transactions (RBA, 2020). Results showed that cards (debit and credit cards) accounted for 63 per cent of all consumer payments in 2019, with debit cards used much more frequently than credit cards (44 per cent for debit cards and 19 per cent for credit cards).

The survey interestingly found an increase in the use of debit cards across all ages between 2016 and 2019. In addition, younger people were found to use debit cards most frequently, with people under 40 using these for around two thirds of their in-person payments (compared to 36 per cent for consumers in older age groups).

Given the possible linkage to consumers visiting gambling venues, it is of interest to understand how often debit and credit cards are used at pubs and bars. According to data from the 2016 Consumer Payments Survey (RBA, 2017), 25 per cent of payments at pubs or bars were via debit card and 18 per cent were via credit card, further highlighting the high use of cash at such outlets during 2016.

It should be considered, however, that while this is the most recent available data, results may be quite different in 2020.

The most recent survey also reported trends for people using 'contactless' mobile payments (RBA, 2020). Data indicated that use of mobiles as a payment method is rapidly growing in Australia. In 2019, around 10 per cent of payments were made using mobile 'tap and go' payments and this was over twice the amount in 2016.

The study showed that increases were largely due to higher usage of such payments by people under 40, with almost one in five making at least one contactless mobile payment in the week of the 2019 survey.

Reasons why consumers had not adopted mobile payments were also probed. Just over half of respondents indicated that this was because they were satisfied with current payments methods and a further 30 per cent reported that they did not like the idea of making a payment via mobile.

In addition, it is noteworthy that around 20 per cent were unsure whether their mobile was capable of such payments (although 80 per cent reported owning a smartphone).

Such insights may highlight that, while mobile payments are likely to be more acceptable to younger people, knowledge and familiarity with smart phone technology may affect adoption of mobile payments.

What do we know about use of online payments and automated payments in Australia?

Trends for 'online payments' are also available in the 2019 Consumer Payment Survey. Online payments include all types of cashless payments – namely, mobiles, debit cards, credit cards and internet banking.

The survey showed that the popularity of online payments has increased substantially since 2007, with now around 55 per cent of consumers reporting at least one online transaction in the week of the 2019 survey, which was double the trend in 2007.

A trend for automation in payments also further highlights community preferences for payment ease. These are not included in the definition of 'online payments' and include only automatic bill payments and subscriptions.

In 2019, automatic payments accounted for around nine per cent of transactions and around one fifth of weekly spending. In addition, around half of all household bill payments in 2019 were automatic and this was more than double the share in 2013.

What does this tell us?

In summary, research highlights that:

- Cash use is declining in Australia, with only 27 per cent of consumer payments made with cash in 2019. ATM use is also declining.
- The main reasons consumers use cash are for budgeting, small transactions and out of fraud or privacy concerns.
- Cash is used by a higher proportion of older people – Around half of all consumers 65 years and older use cash.
- Cash is also used by a higher proportion of people in the bottom two income quartiles.
- Debit cards were the most common cashless payment method in 2019 – 44 per cent of Australian consumers used debit cards and 19 per cent used credit cards.
- In 2019, around 10 per cent of payments were made using mobile ‘tap and go’ payments and this was over twice the amount in 2016 – people under 40 are driving this uptake.

How might cash be cognitively different from cashless payment methods?

How paper versus electronic bank statements may be cognitively different

While handling cash may give consumers an immediate feel for how much money they have available for spending, it remains unclear how cashless payment methods are cognitively or psychologically different from using cash. As this has not been well-researched, research literature from a range of fields may shed indirect light on possible cognitive differences between these payment methods.

In particular, a study by London Economics (2015) highlighted that consumers receiving financial bank statement information in an electronic format had greater difficulty interpreting the information, compared to consumers receiving it in a paper format.

While not a direct reference to cashless payments, it bears some anologies to the comparison between cash and cashless methods. In cashless payments, consumers receive less direct information on their spending and must check accounts and balances to remain aware of expenditure.

The London Economics study (2015) involved a type of 'experiment', where bank statements were sent to consumers in either an online or paper format. Online statements are relevant to debit and credit cards, where consumers must log on to an account to become aware of expenditure.

In the study, 3600 consumers were invited to take part. A behavioural experiment was conducted where consumers were asked to recall bank statement content, with a cash prize draw as the participation incentive. Half the sample was sent an online statement, while the other half was sent the statement by mail. Respondents in each group were then asked to complete a survey to assess their perceptions of the experience (with 2399 surveys received).

Findings showed a distinct advantage of the paper over the online bank statement. Around 82 per cent of consumers receiving the statement by post were able to correctly recall the required content, compared to only 32 per cent being sent the electronic statement. Around 71 per cent receiving the paper statement were also able to recall the value of the largest account payment, versus only 30 per cent of the group receiving the electronic statement.

Other results reinforced this same overall trend. Consumers receiving the electronic statement performed noticeably worse in assessing the financial health of their accounts and in working out whether there was enough money to pay a bill on a certain date.

Results of this study have been used by some social advocacy organisations to emphasise the need for banks to continue to offer paper statements, given that consumers with paper statements may be better able to make informed decisions about financial matters (Refer www.keepmeposted.org.au). In particular, Keep Me Posted Australia (KMP) is a campaign advocating that every Australian should have a right to choose paper statements for bank, utility and similar accounts, without the impost of having to pay a fee.

Further evidence from the attitudinal survey of online respondents also highlighted drawbacks of online accounts. In particular, while 84 per cent believed that they kept a close watch on their financial affairs, 34 per cent reported that their bank account was overdrawn at least some of the time. The two top reasons for this were reported to be

because consumers lost track of money in their account (38 per cent) or forgot that payments were due to come out (37 per cent).

Together, such findings may suggest that online financial information from cashless accounts may be cognitively more complex to process than financial information in paper formats. Accordingly, this may have relevance to the use of cash more generally and particularly, in relation to the use of cash in the context of gambling and gaming.

While this has not been well-researched, it raises question about whether managing money using cash is cognitively and psychologically different from managing money using cashless payment methods.

Cognitive impact of Minimum Payment Warnings (MPW) on credit cards

A further recent US study highlighting a similar effect was undertaken by Salisbury and Zhao (2020). The authors proposed that Minimum Payment Warnings (MPW) disclosures on credit cards were not salient to many consumers and were rarely viewed when making repayments online. These were referred to by the authors as 'open choice' formats.

It was reported that many payment warnings were being used by banks for online statements in spite of the fact they were originally only designed for paper. In comparison, 'active choice formats' or online tools to help people make informed decisions about payments were proposed to be a superior way of providing information.

In active choice formats, full statement balance payment options and minimum required payment options are explicitly provided through a menu (e.g., an online drop down menu), in addition to being on the statement.

An experimental study was conducted by the authors to test active choice formats. Findings were as expected. Compared to an open choice format (where warnings are buried in an electronic version of a statement), active choice formats were found to increase the probability of consumers correctly paying the minimum required amounts and full balance statement (i.e., so that the entire debt could be paid off).

Total payments were also higher in the group exposed to the active choice format. It was noteworthy that financially vulnerable customers benefitted from active choice formats. The authors then argued that this was largely because the active choice format made payment amounts more salient and that similar methods (e.g., bold fonts, bright colours) could be used to improve information salience and to 'nudge' consumers towards certain amounts.

Such findings raise the possibility that cashless payment methods may be improved through use of active choice formats and particularly, where menus and prompting techniques are used to raise awareness of expenditure. In the context of gambling and gaming, this raises the need to ensure that menu systems in cashless software are user-tested and well-designed to ensure that consumers are empowered to make well-informed decisions about expenditure.

Are cashless payments too cognitively complex for consumers?

In spite of increasing use of cashless payments in Australia, the previous findings may suggest that some aspects of cashless payments may be cognitively too complex for some consumers. This raises the question about why this may be the case. While no specific research has explored this exact topic, research in the field of cognitive psychology may provide insight into why cashless payment methods might present cognitive challenges.

Baddeley and Hitch (1974) conducted pioneering work to identify the concept of 'working memory' and its role in human information processing. According to the authors, working memory is a system with limits on both its storage and processing capabilities. Visual, auditory and sensory information is processed in working memory.

Baddeley's model (Baddeley et al, 2009, 2012) describes three main functional components of working memory: the phonological loop, the visual sketchpad, and the central executive. Each interacts with long-term memory in the episodic buffer to process information for long term storage.

Each component is activated when information is presented for learning. The mind is kept aware of auditory information through the phonological loop, the visual sketchpad allows processing of visual images and spatial information and the central executive allocates cognitive resources to focus attention for problem solving. It also prevents inference from unnecessary information (Baddeley, 2012; Baddeley, Eysenck, & Anderson, 2009).

Working memory has been identified as a critical cognitive component in learning and deficits have been found to be associated with learning difficulties (Holdnack, 2019). In addition, research shows that some groups in the population may experience difficulties with working memory.

In turn, this raises the potential for certain segments in the population to experience difficulties with payment methods that require processing of complex cognitive information in working memory.

Gold et al (2019) found working memory and attention deficits in subjects with psychological disorders. Subjects had bipolar disorder with psychotic episodes, schizoaffective disorder and schizophrenia.

A range of cognitive deficits including working memory impairments were similarly found to be associated with anxiety disorder in a recent meta-analysis by Moran (2016). This research reviewed 177 samples examining working memory and anxiety and found that self-reported anxiety was significantly related to poorer performance of working memory (even including where anxiety was experimentally induced).

Deficits in certain components of working memory were also identified by Li et al (2018) in subjects with major depressive disorder. Highlighting the potential for declines in working memory in older adults, Jaroslawska & Rhodes (2019) found in a meta-analytical review that older adults had a lower ability to store information over brief intervals. This itself is interesting, as it may in part account for why some older consumers have a preference for handling cash.

Together, such findings may suggest that certain groups in the population may potentially experience working memory deficits across all types of information. This raises the possibility that deficits may be exacerbated with payment systems that require users to regularly access monetary information from working memory.

Within this context, the parallels to cashless payment methods are clear. While they are currently a major part of Australian society and increasing in prevalence, it is plausible that cashless payment methods have potential to differentially impact certain groups in the population.

What does mental accounting literature tell us about how consumers cognitively organise expenditure information?

Cognitive processes involving thinking, organising and evaluating information have been referred to in literature as mental accounting (Thaler, 1980). Literature on mental accounting has some potential to shed light on the way consumers cognitively structure expenditure information when making payments (including when using both cash and cashless payments).

The theory of mental accounting proposes that consumers assign 'labels' to sources and uses of money and track expenses using a mental accounting system (Henderson and Peterson, 1992; Thaler, 1980).

Mental accounting processes are proposed to serve three main purposes – they help simplify decisions, maintain self-control and maximise pleasure from consumer decisions (Antonides and Ranyard, 2017; Zhang and Sussman,

2018). An an example of mental accounting, consumers may label expenditure in different categories such as money for ‘leisure’, ‘groceries’ and ‘rent’.

While there hasn’t been any research directly investigating differences in mental accounting for cash versus cashless payment methods, some research provides indirect insights into the types of payments that may increase the difficulty of mental accounting.

In particular, research has identified that expenditure ‘salience’ can make it easier for consumers to track and ‘slot’ expenses into mental accounts. Heath (1995), for instance, found that, salient expenses were easier for subjects to track, however, when they were less salient, expenses became more difficult to track and budgeting was undermined (as an example, using a card may make expenditure less salient, while paying with cash, may make expenditure more salient).

This has clear implications for cashless payment methods. If a consumer cannot easily track expenditure, consumers may experience difficulties with both mental accounting and budgeting. Accordingly, mental accounting is likely to be more difficult in cashless gaming.

Which groups in the community may be less well-equipped for mental accounting?

Other literature highlights that certain individuals may be less adept at mental accounting. Muehlbucher and Kirchler (2019), for instance, studied individual differences in mental accounting across three experiments. Of particular note is the finding that people with low financial literacy and low education were poor at mental accounting.

Wave 16 of the Household, Income and Labour Dynamics in Australia (HILDA) Survey provides a contemporary measure of financial literacy in Australia (HILDA, 2018). This study measured financial literacy using the approached developed by Lusardi and Mitchell (2014).

Results of the financial literacy questions revealed that some groups had lower financial literacy than the rest of the population. These included females, young people aged 15-24 years, people 65 years and older, Indigenous Australians, immigrants from other countries, people with lower education (especially people who did not complete high school), people who were unemployed and people receiving government financial support.

Accordingly, findings may suggest that groups in the community with lower financial literacy, lower education and related vulnerabilities may be less well-equipped to perform mental accounting and may also struggle with the more complex mental accounting required of cashless payment methods.

What areas of the brain are activated when consumers use cash?

Ceravolo et al (2019) is the only known study to explore the neural correlates of different payment methods. This was an attempt to identify areas of the brain that may be triggered when different payment methods are used.

The study examined neural activation associated with payment methods using functional MRI (fMRI). Payment methods examined included cash, card and smartphone. Payment methods and amounts were varied under different experimental conditions based on a block design protocol. Video imagery was shown to subjects, which displayed a human hand paying using different methods.

Findings overall showed that payments with cash were associated with higher activity in the parietal cortex and right insula (compared to card and smartphone conditions). This also occurred for all amounts of money tested.

Overall, results suggested that cash may enhance both the salience and negative affective valence of handing over money. As there was stronger activity of areas of the brain involved in processing aversive stimuli, results tend to suggest that spending cash may be associated with a negative experience (i.e., handing over money or reducing available money).

The authors then inferred that this may mean that cash is a stronger self-regulating tool. Findings were also described as potentially relevant to addictions such as compulsive shopping and gambling.

What does this tell us?

In summary, research highlight that:

- Online accounts, as available in cashless payment methods, may be cognitively more complex for consumers to understand than paper.
- Certain segments in the population may experience difficulties with payment methods that require processing of complex cognitive information in working memory including people with depression, anxiety and psychotic disorders and older people.
- When expenses are less salient (e.g., a large volume of small payments), they are likely to be more cognitively difficult to track, undermining consumer budgeting.
- Mental accounting research shows that consumers cognitively label expenditure accounts and this is an important part of budgeting and expenditure tracking.
- Mental accounting is likely to be important in being able to manage cashless payments. However, research shows that some groups may struggle with mental accounting. This includes people with low financial literacy and low education.
- Some early neuroscience research suggests that spending cash, as opposed to a credit card or debit card, may be perceived as a ‘negative experience’, suggesting that use of cash may support consumer self-regulation.

What do we know about the effects of common cashless payments such as credit and debit cards?

What does literature say about the psychological effects of cashless payment methods such as credit and debit cards?

While research is still to examine the cognitive effects of different cashless payment methods, a range of studies have examined the impact of credit cards on consumer behaviour. Such findings may shed light on the psychological effects of payment methods in the context of general consumer spending.

One of the most significant and consistent findings in this research is that consumers spend more when exposed to a credit card or when paying by credit card (e.g., Soman and Cheema, 2002; Shimp and Moody, 2000). A range of studies illustrate these effects on consumers.

A study by Chatterjee and Rose (2012), for instance, found that credit cards 'prime' consumers to think about product benefits, while cash encourages consumers to make 'cost considerations'. In addition, the same authors suggested that because payment is separated from consumption, repeated use of credit cards can serve to reinforce positive feelings of purchasing, while use of cash reinforces cost considerations.

This is also not a recent finding. In particular, Feinberg (1986) found that, compared to no prime, a credit card prime was associated with a 200 per cent increase in donations in a laboratory experiment.

Other researchers have observed similar findings for children. Naderer et al (2016) identified that, even the presence of credit cards and Visa symbols on Monopoly game credit cards primed children and led to greater expenditure in an online shopping task.

This effect was independent of the child's age, suggesting a persistent effect. It was proposed that use of a card in the Monopoly game, as opposed to the more traditional format using cash notes, 'obscured transactions', as only amounts on a small screen were displayed.

Wong and Lynne (2017) describe the credit card effect as essentially having an 'easy money' effect (p542) and comment that studies have suggested that media may further reinforce this perception (e.g., Lakshmi, 2008). Research is used by the authors from the field of cognitive dissonance to create an argument that credit cards may be viewed as 'easy', because there is little effort put into earning the money.

The authors also use literature on mental accounting to suggest that credit cards may have a mental account that is labelled as 'easy money' and when being used, the label is triggered and carried over to purchasing.

The authors came up with a range of hypotheses to test these effects in laboratory settings. It was hypothesed that showing credit card cues will increase the perception that money is 'easy' and that giving consumers a 'hard work' reminder will reduce credit card spending. Cash was used as the control group in all experiments.

In this study, the 'pain of payment' was assessed using the Rick et al (2008) Spendthrift-Tightwad (ST-TW) scale. Study findings confirmed the presence of the 'easy money' effect for credit cards. Reminding consumers of hard work was associated with a decrease in credit card expenditure, though this only happened for ST participants (not for TW).

In addition, individual sensitivity to 'pain of payment' moderated the effect of credit card cues on spending. Spendthrift participants spent more than TW participants when exposed to credit card cues. It was then recommended by the authors that consumers should keep a 'hard work' sticker in their wallet or close to their credit card to reduce overspending.

One of the proposed effects of credit cards involves the presence of payment 'decoupling' (Prelec and Loewenstein, 1998). This involves the purchase transaction being separated in time from the consumption experience. The more separated the payment is from the purchase, the lower the pain of paying and the higher 'willingness to pay'.

A higher willingness to pay has been established across many studies and types of payments. This includes for credit cards (Prelec and Simester, 2001), stored value cards (Soman, 2003), debit cards (Runnemark et al., 2015), and multifunctional bank cards (Gafeeva et al., 2018).

Possibly highlighting a similar view in different words, Delnevo (2018) reported a view that the movement from cash to card use has persuaded many consumers to spend more than they earn and more than they can afford.

A recent study by Shah et al (2016) demonstrated how paying by cashless methods can influence a consumer's connection to a purchase. As the experiment involved payment manipulation (i.e., cash, plastic, voucher or cheque), the objective was to establish a causal link between payment and an individual's connection to a product.

The experiments showed that pain of paying significantly influences the consumer's psychological and behavioural connection to the purchase. That is, consumers are more financially, psychologically and behaviourally committed to products, if they pay with a more painful method.

The authors then concluded that decreasing pain of payment cannot only increase overspending (as costs are not immediately felt), but can also lead to greater product disposal or abandonment (given the lower purchase satisfaction).

It was proposed that credit cards, debit cards and other payment methods – like Google Wallet and PayPal - have potential to produce this effect, as they are increasing the psychological distance from payment, making spending less and less painful.

Interestingly, a recent master's thesis study by Zhirkova and Saric (September 2020) also found using an online gaming experiment that use of virtual currencies increased consumer spending on microtransactions, mediated through a lower pain of paying threshold (when compared to use of local currencies). Accordingly, this may also suggest that use of crypocurrencies or other virtual currencies may similarly facilitate increased consumer spending on gambling, as a further type of cashless payment method.

In addition, in a further thesis submission Salzman (2021) conducted an experiment where participants were given a windfall amount of money via either a peer-to-peer payment mechanism or via a bank deposit. Findings showed that participants using the peer-to-peer method showed 'mental accounting biases' and showed higher consumption and spending (i.e., they spent significantly more on tips and donations in the experiment).

A further study by Manshad and Brannon (2021) interestingly tested the effect of haptic mobile vibration feedback on the pain of payment associated with cashless payments. When vibration alerts were provided to give users a sense of the value of the money they were spending, findings counter-intuitively showed that, lower intensity vibration feedback (as opposed to higher intensity vibration feedback) reduced their reported willingness-to-spend, when compared to a control group.

Does the 'easy money' effect also apply to debit cards?

As debit cards are the most popular consumer payment instrument in Australia (RBA, 2020), this also raises the question about whether the same 'easy money' effect of credit cards may also apply to debit cards. Runnemark et al (2015) investigated this in an experiment in Denmark.

As in Australia, debit cards are the most popular type of card in Denmark. At the time of the study, 87 per cent of the population (aged 15-79 years) had the national debit card, Dankort (Nationalbanken, 2014). While similar to credit cards, debit cards are somewhat different, in that payment is not quite as 'decoupled' from the consumption experience, as money comes directly from a consumer's account.

The authors cited literature relating to the easy money effect of credit cards to propose that a similar effect may apply to debit cards. The authors additionally argued that cash payments are more transparent than debit card payments, making it easier to control spending.

Some interesting insights were identified in the Runnemark et al (2015) study. Findings showed that consumers were willing to pay more for identical products with debit cards (than with cash), highlighting that cash makes it easier to control spending.

The authors then used study results to emphasise that, similar to credit cards, there is no feedback mechanism for consumers in debit cards. They recommended that feedback mechanisms should be developed to assist consumers.

Examples were given such as text messages, mobile phones and displays in next-generation payment cards (i.e., cards that display balances on the actual card).

Other research has additionally looked at how debit card use impacts impulse purchasing. This was examined in a study by Manoj et al (2001). The study involved analysis of food purchases of 1,000 households over six months.

Findings showed that, when purchases were made with debit cards, they were associated with more purchasing of junk food. This was said to be triggered due to 'impulse purchasing behaviour'. In this context, 'pain of payment' of cash was described as curbing the initial tendency to purchase such items.

Greenacre and Akbar (2019) further extended literature by examining grocery expenditure by low income customers using a welfare-based cashless debit card. This was of interest, given that fixed income consumers cannot increase their total spending. Findings showed that, while low income consumers could not increase their spending, they become less sensitive to price cues when shopping for groceries using the welfare card.

What role does payment transparency have in influencing consumer behaviour?

A further area of research that may explain the 'easy money' effect of credit cards and other cashless methods relates to the concept of 'payment transparency'.

Soman (2003) described payment transparency as being related to the salience of a payment. In this context, high payment transparency is proposed to create an aversion to consumer spending, as consumers experience the pain of paying (Shah et al, 2003; Prelec and Loewenstein, 1998).

In comparison to cash, a credit card is described as less transparent, because it is not in a physical form and does not involve counting. Card payments are also less transparent due to a decoupling effect, where payment is separate from consumption (Prelec and Loewenstein, 1998).

Soman (2001) proposed that spending recall is less accurate when there is reduced payment transparency. The author found in a small study that the amount spent on books was easier to recall for cash, compared to credit card transactions. In this context, cash was considered as the most transparent and physiologically proximal type of payment.

In comparison, paying by cheque or voucher was less transparent and less 'painful', as no physical money changes hands. In addition, the author proposed that plastic forms of money – such as debit cards, credit cards and vouchers – are less transparent and the swiping of cards may further obscure the cash value of purchases.

Other studies highlight a role for increased payment transparency and provide evidence that credit cards are the least painful and transparent followed by debit cards, while cash is the most painful and transparent method of payment (e.g., Raghubir and Srivastava, 2008; Runnemark et al., 2015; Soman, 2003).

What do we know about consumer behaviour and contactless payments?

As a relatively new payment technology, contactless payment methods have received much less research attention. Since the introduction of Near Field Communication (NFC) technology in 2002 (Coskun et al, 2012), many retail payments have become contactless.

The technology requires consumers to use NFC enabled payment cards or smartphones for over-the-counter payments. Karjaluoto et al (2019) proposes that nothing will stop NFC from becoming the most popular and standard accepted method for small retail payments globally.

Boden et al (2020) is one of the few studies to investigate the 'pain of paying' using a contactless payment method, namely mobile, compared to credit cards. This was identified as a research priority by Shankar et al (2016).

Mobile was expected to be virtually the same as a credit card in terms of 'pain of payment' for a number of reasons. In particular, it was argued that both run through the same credit/debit card system, both are non-restrictive in what can be purchased (relative to cash) and both have similar levels of transparency.

Data across different country market data sets was analysed as part of the research. Findings did show that pain of paying did not differ between methods suggesting similarities of mobiles to credit cards.

What effect do multifunctional cards have on consumer behaviour?

Multifunctional cards, which bundle payment with other features (e.g., loyalty programs, user identification etc.), are increasingly popular across the world. These typically work via smartcards, where an embedded chip or processor can store and process data (Shelter and Procaccino, 2002).

Gafeeva et al (2017) reported that the shift towards payment multifunctionality has some drawbacks for consumers in that it also may reduce payment transparency and affects consumer recall of expenditure.

A study of 496 consumers was conducted by the authors to examine recent recall of purchases with cash, a regular payment card (with only payment functionality) and a multifunctional card. Literature from cognitive psychology was used to explain that information is easier to memorise when it is perceptually salient or distinct (e.g., Brunel et al, 2010).

Findings showed that consumers paying with both a single and multifunctional card were more inaccurate in their purchase amount recall, than customers paying with cash. However, while a lower recall was expected for a multifunctional card, compared to a single function card, there were no recall differences between the two payment

modes. In addition, for multifunctional cards, low payment distinctiveness was found to reduce the recall accuracy of expenditures.

Accordingly, while the topic requires more research, there appear to be risks from multifunctional cards for consumers, when compared to cash. In particular, low payment distinctiveness may reduce the ability of consumers to accurately recall card expenditure (and is other addition to other effects of cards such noted previously).

What are other possible reasons why consumers may prefer cash?

A number of other studies have also examined why there is still strong interest in cash in consumers.

Jonker (2015) reported that consumers primarily use cash for budget control. An early study in 2007 (Jonker 2007) found transaction speed was the top reason for using cash,while the second and third reasons were for monitoring expenses.

However, ten years later in 2014, the reasons for using cash shifted dramatically and the top three reasons were to monitor expenses, habit and to cut expenses.

Jonker (2015) noted that one of the main benefits of cash is that the consumer gains immediate feedback on expenditure. Wallets can be physically checked after a payment is made, to ascertain how much money is left. While debit cards can also be checked, this was proposed to be less effective, as there is a delay in accessing such information.

Cash was similarly reported to be unique in being able to easily constrain a budget. Consumers using cash simply withdraw the desired amount, which facilitates budget adherence. However, with debit cards, consumers have relatively more freedom to spend more than they had intended. It was also reported that they need to memorise information such as what they spent and what money is in their account.

Eschelbach (2017) examined the protective attributes of cash in relation to needless purchases. It was expected that cash use may be helpful if consumers feel temptation to purchase an unnecessary item during shopping, given that it reinforces the ‘pain of paying’. Based on a Bundesbank survey (in Germany), findings showed that transactions had a lower probability of being identified as ‘unnecessary’, where consumers paid in cash.

What does this tell us?

In summary, the research highlights that:

- Consumers may spend more when exposed to a credit card or when paying by credit card. In comparison, cash may encourage consumers to make cost considerations.
- Credit cards may have an ‘easy money’ effect on consumers
- Reminding consumers of the work needed to obtain money may be associated with a decrease in credit card expenditure.
- Research indicates that, the more separated payments are from purchases, the lower the pain of paying and the higher consumer ‘willingness to pay’.
- Using cash as a method with a high ‘pain of payment’ may assist with impulse control.
- Credit cards may be the least painful payment method, followed by debit cards then cash.
- Debit cards also exhibit many of the same effects of credit cards, when compared to cash.
- For multifunctional cards (e.g., cards that combine two functions such as loyalty cards which are also payment cards), low payment distinctiveness is likely to in addition reduce the recall accuracy of expenditure.
- Transactions may have a lower probability of being identified as ‘unnecessary’, where cash is used.

SECTION 3.
WHAT DOES THE GAMBLING RESEARCH LITERATURE TELL US ABOUT CASHLESS GAMING?

Research on cashless gaming and gambling

What do we know about cashless gaming and gambling?

In spite of cashless gaming systems being widely available across Australia, little research has rigorously examined how the transition away from cash has impacted on gambling behaviour and expenditure. Nisbet (2005) defined cashless gaming as the 'replacement of cash in and cash out payment mechanisms on a gaming machine with non-cash substitutes' (p55).

Nisbet (2005) was one of the first authors to have examined venue and gambler experiences of cashless gaming in an Australia gambling venue. The study involved 20 qualitative stakeholder interviews as part of the information gathering approach. Both advantages and disadvantages were probed during data collection.

Key advantages of cashless gaming for venues were reported to include:

- increased security
- improved marketing and customer service
- a reduction in overheads through a decreased need for machine maintenance
- reduced wages were a further benefit due to a need for fewer security and floor staff.

A range of advantages were reported for regulators. These included improved integrity and security over EGM operation including better protection of taxation revenues.

Given that the cashless systems reviewed had harm-minimisation features, these were also reported as a benefit of cashless gaming.

In a survey of 134 players within the study (across two NSW clubs), a range of advantages for gamblers were identified (Nisbet, 2005). These included the availability of player activity statements, availability of PIN numbers for card security and access to a reliable and easy to use system.

As two-thirds of the players reported a preference for anonymity during play, the identification of players was described as a disadvantage of cashless gaming from a player perspective.

At the time of the study, Nisbet (2005) indicated that around half of players preferred to gamble with cash, highlighting that the system did not meet the preferences of all gamblers.

While industry stakeholders argued that a benefit of cashless gaming was the availability of harm-minimisation features, the sample of gamblers interviewed in the survey did not report that these would help with their management of expenditure. However, gamblers reported that cashless gaming permitted easier moving between EGMs, easier loading of balances onto cards and easier processing of payouts.

Nisbet (2015) additionally conducted further qualitative research with 26 cashless card users (and four non-users). Based on discussions with gamblers, Nisbet (2015) reported a view that gamblers gamble more responsibly with account-based cards or tickets, compared to cash. Some cashless gamblers reported keeping money on their card for safe keeping and would play it down prior to using money from other sources. Ticket gamblers (using TITO) would similarly hold tickets in their wallet until the end of a gambling session.

The author also indicated that gamblers did not perceive that the cashless system impacted individual expenditure, session length or breaks in play relative to cash. In addition, some gamblers espoused a view that cashless gaming

helped with their gambling money management, although the author identified the need for further research on this topic. It was uncertain as to why they thought this. It may due to the card account, the presentation of money instead of credits on the card screen or due to the ability to transfer small amounts of money from the card towards the end of their gambling session.

The ACT regulator of gaming, the Gambling and Racing Commission, provided insight into early gaming expenditure on ticket in and ticket out (TITO) in the ACT in a submission to the Inquiry of Elements Impacting the Future of the ACT Clubs Sector (ACT Gambling and Racing Commission, May 2015).

TITO was reported to have been approved in the ACT in 2004 and since commencement of TITO in October of that year, the Commission reported that it had not seen any significant increase in EGM revenues for the club industry as a whole.

It should, however, be noted that this was only based on a review of aggregated expenditure and did not involve a review of individual changes in gambler EGM spending.

A further comment about TITO was made in the 2004 NSW Independent Pricing and Regulatory Tribunal (IPART) enquiry. The Tribunal indicated that various stakeholders had commented that TITO may offer a benefit for harm-minimisation in that it did not require gamblers to wait around for hand-pay outs. This was because it was proposed that a long wait for staff may entice gamblers to continue gambling.

However, the tribunal expressed concern that TITO may reduce circuit breakers inherent in manual EGM operation (i.e., the physical handling of money), suggesting the potential for increased gambling harm.

The tribunal concluded that, because there was no research on this technology at the time, that any proposed introduction of TITO should be evaluated on an evidence basis. It also led to the conclusion that TITO for this reason should not be introduced at that time.

While not a harm-minimisation report and written some years ago, Palmeri (2003) reported that key benefits of TITO to industry included reduced costs of labour and equipment (by an estimated 30 per cent or more – due to no hand payouts, hopper refills or coin handling equipment), increased speed of play (by 15 per cent) and less machine downtime (increasing profits to venues). This also highlights an industry view that speed of play may increase (although the basis for this estimation was not available). It should also be noted in this context that speed of play is generally driven by EGM spin rate and that the only increases in speed would relate to gambler movement between EGMs and more efficient starting and re-starting of gaming, given that cash is not required (i.e., with cash, ATM access may be needed, while with card, access to cash is immediate).

What impacts does cashless gambling have on gambling harm? Some UK insights

Parke et al (2008) conducted a major review of cashless and card-based responsible gambling features for the UK Gambling Commission. The aim was to consider the extent that cashless and card-based gaming may reduce problem gambling or promote responsible gambling.

This paper provides a good example of why it has been challenging to identify the effects of cashless gaming, as distinct from the tools and features associated with card-based gaming. They are often integrally linked and thus difficult to separate from a research and evidence perspective.

During the review, Parke et al (2008) conducted surveys of regulators globally to identify jurisdictions considering or using cashless gaming. Many jurisdictions at the time had no firm regulations in place to cover cashless gaming.

It was commented that many of the contacted jurisdictions felt that there was a lack of robust empirical evidence to develop policy and regulations.

There was little consensus across stakeholders interviewed by Parke et al (2008) over the potential for either cashless gaming or TITO technologies to minimise gambling harm. This was largely because there was no clear empirical evaluations of cashless gaming.

Most cited views related to 'soft' gambler and venue advantages (e.g., increased convenience), as no research had examined whether cashless gaming itself was associated with gambling harm. Although there was reported to be higher confidence in card-based gaming, relative to TITO, presumably due to the harm-minimisation features available in card accounts.

Parke et al (2008) briefly explored the use of 'remote loading' as a payment method. This involves the option to use debit cards in some betting outlets in the UK (e.g., funds are loaded at a central desk or kiosk and are then transferred to the EGM or gambling product of choice, often through a wireless connection). As such, it was considered a 'cashless method' of payment. Note that this system is not available in Australia but some form of it is likely to be proposed here at some point,

While the authors commented that there was again no robust evidence relating to the impact of this payment method, they expressed an overall view that it may be associated with increased harm. It was felt that remote loading may impose increased risk to problem gamblers, given the lack of breaks in play to access funds.

Bedford (2019) presented in a research-related blog a number of views about cashless gaming in the UK. The author emphasised that cashless gaming is now being recommended by the UK Gambling Commission, as it is viewed as having more potential to limit harm, than cash-based methods.

Bedford (2019) reported that the Commission stated that cash-based payment methods, due to their anonymity, were undermining harm-minimisation (Box 6). In disagreement with this view, Bedford (2019) asserted that cash can be useful for limiting spending, whereas card use may speed up play and induce automaticity by reducing breaks in play.

Box 6. UK Gambling Commission perspectives on cashless gambling

The anonymity currently inherent in cash-based gambling makes identifying and reducing harm much more challenging than it otherwise might be. It hampers research into the causes of harm and cost effective ways of mitigating it.

And it makes more advanced player protection measures, such as feedback from patterns of play over time and associated operator action, virtually impossible to introduce effectively. It is also important to recognise that for some customers – those engaged in the disposal of criminal assets or fruits of the black economy – anonymity is highly attractive.

Added to this, we are now in a world where new forms of harm reduction, based on data analytics, are becoming possible….Account-based or registered play – with the ability to link play to identified players over time – offers opportunities to identify those who potentially might be at risk of harm

(UK Gambling Commission 2015a: 3) (Cited in in Bedford, 2019)

Accordingly, while assertions by Parke et al (2008) highlight that a key benefit of cashless gaming is that the gaming can indeed be trackable and that harm-minimisation tools can be offered (which is true of card-based gaming), the authors' survey of regulators highlights that jurisdictions could not identify robust research to develop informed policy positions on the effects of cashless gaming.

Comments by the UK Commission similarly highlight that there has been a tendency to conflate the impacts of cashless gaming with the impacts of player tracking and card-based gaming.

A more recent study commissioned by the UK Gambling Commission examined land-based gambler concerns about cashless payment methods (2CV, 2021). This involved an online survey of 314 land-based gamblers. Interestingly, findings of this UK study highlighted a strong gambler preference for cash, with 79 per cent reporting that paying with cash generally helped them to feel in control of their spending and 70 per cent reporting that paying with cash made it easier to set limits on spending.

Cashless payment methods were additionally found to have drawbacks. Around 85 per cent reported that paying with a cashless payment method, such as a debit card or contactless payment method (e.g., using a mobile), made it easier to spend more than intended and 77 per cent reported that this led to them spending more time than had intended to spend on gambling. Around two-thirds (66 per cent) similarly reported that it gave the impression that they were spending less money.

Land-based gamblers reported that they tended to spend over their intended amount, when paying for gambling using cashless methods – including with cards (with chips and a pin), with a mobile or smartwatch and with a contactless card. However, they tended to spend as they intended to when cash was used.

Preferences for cashless payments were also identified. Findings showed that younger gamblers, moderate risk gamblers and problem gamblers tended to prefer cashless payment methods.

It was similarly noteworthy that 48 per cent of all land-based gamblers preferred cash when playing fruit machines / slot machines, when betting on sports or races and when in the casino.

Qualitative research with gamblers additionally highlighted that the findings relating to cashless payments were mainly – *Because a card is not physical money, you can disassociate with the money element of what you're doing*… (described by the authors as lacking a 'flinch' moment that typically occurs when someone parts with cash) (2CV, 2021 - p8).

The authors then concluded based on key findings that it would be important for land-based gambling venues to continue to allow use of cash to help gamblers maintain good control over their expenditure.

A very recent review of research examining the impact of payment format on gambling using experimental methods by Palmer et al (2021) found very little relevant research and concluded that there was a paucity of experimental research testing the true effects of cashless payment methods on gambling.

What may credit card use in online gambling potentially tell us about cashless gaming?

As a type of cashless payment, Sztainert et al (2020) conducted a review of the role of credit cards in gambling for the UK Gambling Commission. Based on the evidence reviewed, credit cards as a form of cashless payment were described as potentially problematic for three reasons – they are easy to obtain and can be used to gamble, they offer large credit potential, and they facilitate play without natural breaks. Use of cards was found to be associated with gambling problems.

Sztainert et al (2020) reported that most jurisdictions had implemented some form of restriction on credit cards to protect consumers. These included financial institutions banning or limiting their use for online gambling, credit card holders blocking gambling transactions, limitations on the use of credit cards in casinos, banning credit card use in land-based and/or online gambling and setting and enforcing maximum deposits.

As part of their study, Sztainert et al (2020) analysed payment methods used across a selection of online gambling sites during February 2019. The analysis revealed that only five per cent of deposits to online gambling sites were made through a credit card and 81 per cent were made with a debit card.

The next most common payment method at 11 per cent, was eWallets, which are funded through credit or debit accounts. In contrast, only one per cent of deposits were funded by pre-paid cards and two per cent by other methods.

It was reported that many online gamblers in the UK used e-wallets, which effectively function as deposit accounts similar to a bank account. It was felt that banning credit card use for gambling can lead gamblers to use eWallets and online payment providers to 'circumvent' credit card use restrictions by financial institutions.

Accordingly, this highlights the potential for eWallets to trigger gambling harm, if cashless gaming balances are funded through credit cards or hidden monetary transfers.

Overall, Sztainert et al (2020) highlighted that credit cards are a harmful type of cashless payment and most jurisdictions have implemented measures to ban their use in gambling for this reason. However, it was reported to be unclear whether debit cards had the same effect.

What does this tell us?

In summary, research highlights that:

- Cashless gaming is seen as convenient by gamblers and makes it easier for gamblers to move from EGM to EGM.
- It remains unclear whether cashless systems provide any consumer or harm reduction benefits.
- There was a concern among researchers examining remote loading cashless systems that they had the potential to increase harm, including by making the gambling more continuous.
- Industry identified as a benefit of cashless gaming that it would speed up gambling.
- Cashless gaming may better protect taxation revenues for gambling regulators.
- In 2004, IPART in NSW concluded that there was insufficient evidence to understand the effects of cashless gaming. Similar conclusions were also drawn by Parke et al (2008) after a survey of gambling regulators.
- There has been a tendency of some jurisdictions – such as the UK – to conflate the effects of cashless gaming with the effects of player tracking and related card-based gaming tools. This may indicate that some regulators have not considered that cashless gaming itself may pose risk or harm to gamblers.
- Research relating to online gambling highlights the use of e-wallets. These are seen to pose some risk to gamblers, if credit cards can be used to make 'hidden' monetary transfers to e-wallets. This highlights a possible risk of e-wallets in the context of cashless gaming.

What does pre-commitment research tell us about the possible effects of cashless gaming?

While cashless gaming has not been the subject of in-depth research, some research from Australian pre-commitment trials provides indirect insight into possible effects of cashless gaming. However, it is important to recognise that the effects of cashless gaming are discrete from these tools and this research is not able to untangle these effects.

What have we learned about cashless gaming from Australian precommitment trials?

Queensland pre-commitment evaluations

Pre-commitment trials in Australia have generally demonstrated that very few gamblers will take up pre-commitment (e.g., Schottler Consulting, 2009). In spite of this, some venues have still managed to encourage patrons to use cards offering *both* cashless gaming and pre-commitment (e.g., Schottler Consulting, 2005). This may suggest that such cards are primarily used, because cashless gaming is attractive.

A range of insights have been learned about cashless gaming from Queensland pre-commitment trials. Queensland has been a leading jurisdiction in the evaluation of pre-commitment tools for EGM gamblers, with three trials undertaken since 2005.

The first trial evaluated a small card-based cashless gaming system that allowed gamblers to pre-commit in a hotel during 2004-2005 (unpublished report, Queensland Government). While the focus of the evaluation to was not to examine cashless gaming, feedback from gamblers highlighted that the cashless component of the pre-commitment system was very convenient and helped gamblers easily move from EGM to EGM (e.g., no waiting for hand pay outs etc.).

This highlighted positive feedback about cashless gaming from a player convenience perspective.

Based on results of the initial trial, two further evaluations of pre-commitment systems were undertaken by Queensland Government during 2008 and 2009. Trials included surveys and focus groups with gamblers, venue staff and pre-commitment system manufacturers (Schottler Consulting, 2008 and 2009).

The 2008 and 2009 trials involved evaluation of pre-commitment systems that offered cashless gaming, with again the focus on evaluating the precommitment component. Analysis of uptake curves for each trial showed that usage peaked for both trials at around three to four months post-implementation. A total of 66 gamblers trialed the first system and 341 gamblers trialed the second (the second was implemented in a much larger gambling venue).

As both systems offered cashless gaming alongside pre-commitment, gamblers using each system were not required to set limits (i.e., they could just opt to use cashless gaming on their card). However, analysis of gamblers electing to set limits was undertaken as part of each trial.

For the 2008 trial, 28 per cent of gamblers opted to set a daily spend limit and most limits set were conservative ($100 was the maximum limit set). For the 2009 trial, only 13 per cent of gamblers opted to set a daily spend limit and limits were again very conservative ($100 was also the highest limit set). This also highlighted that monetary limits, rather than time limits, were of most value to gamblers.

As gamblers at both trial sites did not extensively use the available pre-commitment tools, it is possible that a reasonable proportion of gamblers in each trial may have seen value in cashless gaming. However, as the purpose of the evaluation was to examine precommitment, there was not an evaluation of how cashless EGM play, compared to cash based play. This would also have been extremely difficult to assess, given that cashless gaming was introduced *with precommitment*.

Anecdotally, however, gamblers reported in both trials that cashless gaming was convenient and encouraged thoughts about gambling expenditure. This was attributed to being able to store money on a cashless card/device.

When providing unprompted general views about card-based gaming, qualitative feedback from the 2009 larger trial indicated that some gamblers saw benefit in being able to better track their gambling expenditure (Schottler Consulting, 2009) (Box 7).

Schottler Consulting (2009) additionally reported that a segment of gamblers seemed to find it more difficult to keep track of their spending using cashless gaming (compared to cash). It was unclear why this was the case, however, it was attributed to individual gambler differences and preferences.

A comment by a gambler summarises the theme – *If you are taking cash out of your wallet, you are more aware of how much you are spending. With the card, you do not realise how much you have spent* (Schottler Consulting, 2009, p33).

Other feedback similarly highlighted that some gamblers tended to forget card balances and lose track of their expenditure – *On Thursday, my balance was $80 and then I played on a few machines. The balance came down to $40 and I did not stop. The next time I checked, it was $11. It's easy to lose track of things.*

Findings from the 2009 trial suggested that more than half of gamblers taking part in the survey (57 per cent) found that the card encouraged them to think more about their EGM expenditure, compared to cash based gaming (Schottler Consulting, 2009).

When gamblers were asked about how their expenditure had been affected, 79 per cent reported a perception that card-based gaming had not impacted their expenditure. In addition, 17 per cent indicated that they thought it had reduced their expenditure and 2 per cent indicated it had increased their expenditure.

Accordingly, while gamblers reported cashless gaming as convenient and possibly helpful for money management, such comments may indicate that *some* gamblers also find cashless gaming more difficult to monitor expenditure. This may suggest some individual differences between gamblers.

Box 7. EGM gambler reported benefits of cashless gaming (Schottler Consulting, 2009)

- *Sometimes you can be sitting at the machine for ten minutes if you use cash. The staff are very busy.*
- *Using the card helped me. I did not have to get my hands dirty from the coins.*
- *It is easy to collect your big win. Photo ID is not a problem.*
- *If I use cash, I sometimes drop my money. This (now) doesn't happen.*
- *Sometimes while playing, my balance gets down to 14 cents. If I am playing with cash, I keep putting more in. When the balance on my card is done, I just pull it out.*
- *I can transfer small amounts of money onto the card.*
- *The card is smoother to move around (from EGM to EGM).*

While Queensland precommitment trials cannot identify the discrete effects of cashless gaming, a range of useful insights can potentially be inferred from trial findings:

- Where cashless gaming is available, is it possible that the cashless gaming component may be of more gambler interest than the precommitment tools.
- Cashless gaming allows gamblers to move more efficiently from EGM to EGM.
- Cashless gaming reduces gambler waiting for hand pay outs (as cards can be automatically removed, with balances transferred) and this is viewed as very convenient.
- If precommitment is offered in cashless gaming, very few gamblers will opt to use provided limits.
- Cashless gaming may assist some gamblers with expenditure, but some also find cash easier.

What structural characteristics of cashless gaming systems need to be considered from a harm-minimisation perspective?

While there is little research on cashless gaming, research from trials of precommitment provide insight into **eight important structural characteristics** of card-based cashless gaming systems that raise the potential for gambling harm (or can help protect gamblers). Key characteristics identified in this research are described in this section. It should be noted in this context that these are only specific to card-based cashless gaming, as TITO cashless gaming was not examined in these trials. A review of Schottler Consulting (2009) highlights these findings.

How gamblers store money on and credit money to cashless gaming cards

Most cashless gaming systems allow gamblers to credit their cashless card by either using a cash terminal, or by having gamblers load money directly onto their card while sitting at an EGM. Withdrawal of the card from the EGM then triggers money on the credit meter to be automatically sent back to the card.

Balance limits are set on the card to allow gamblers to control how much money can be kept on the card for EGM spending. Jurisdictions will also typically have upper permitted balance limits for security. While a gambler may have traditionally have had to physically seek further cash to extend gambling expenditure (e.g., via an ATM or EFTPOS), cashless gaming allows gamblers to use any of the money stored on the card for gambling (with only the upper card balance the limit).

This effectively can increase a gambler's access to cash, without having to take a break to reload a cashless card. This highlights that balance limits and how money is loaded onto cards are two important structural characteristics of cashless gaming cards that need consideration from a harm-minimisation perspective.

They also raise an issue about whether gamblers should be permitted to load cash onto a cashless gaming card at an EGM, or whether a terminal distant from the EGM should be accessed. While the principles of pre-commitment may suggest a need to separate the location of payment (pre-commitment) from the location of gambling (implying that distant cash crediting terminals should be used), this may become a logistical issue for venues, with a need to supply a large number of cash crediting terminals.

ATM and EFTPOS withdrawal restrictions also need consideration in this context. In Victoria, as $200 is the maximum EFTPOS limit for a single withdrawal (given that ATMs are not available in venues), the intersection of this limit with cashless card balances needs consideration (as well as the fact that transferring an amount from a card may undermine player interaction with staff when transacting EFTPOS).

If an amount greater than the $200 card balance is spent, it may have potential to undermine the harm-minimisation intent of the EFTPOS withdrawal limit. A similar analogy could be considered for the $500 maximum for EFTPOS transactions every 24 hours. While staff interactions during withdrawals have been proposed as a mechanism to limit the potential for harm in the use of EFTPOS, this will not assist gamblers who keep large amounts on their cards (i.e., no interaction with staff is required to use this money).

Card deposit limits additionally need to be considered for large gambling wins. If a gambler experiences a large win that leads to a card balance being exceeded, it raises the question about whether the gambler should be permitted to take a large win on the card and associated harm-minimisation protocols.

Based on gambler feedback during trials (e.g., Schottler Consulting, 2009), some gamblers reported that a key benefit of card-based cashless gaming was the ability to leave an EGM without waiting for a hand pay out from venue staff. Accordingly, this may suggest that gamblers do feel inclined to spend their wins, if required to wait and points to a possible harm-minimisation benefit.

The intersection of how wins are handled with other regulations relating to reducing access to large wins also needs consideration. In particular, in Victoria, if a gambler has $2000 or more worth of accumulated credits, funds must be provided via EFT or cheque. This aims to minimise harm by preventing gamblers from carelessly spending large wins.

Accordingly, this analysis highlights that the following key structural chracteristics of cashless gaming need to be considered from a harm-minimisation perspective:

Important structural characteristics of card-based cashless gaming

1. Maximum card balance limits for cashless cards – including their intersection with other regulations designed to protect gamblers from potential harm (e.g., EFTPOS limits, cheques).
2. Use of cash crediting terminals and EGM-based crediting of cards as methods of allowing gamblers to place money on their cashless gaming card.

How money is transferred from cashless gaming cards into EGM play

Trials of cashless gaming highlight that, when starting gambling, EGM gamblers are required to transfer money from cashless cards to the EGM credit meter. Research from trials showed that default transfers were not desired by gamblers and encouraged gambling of specified amounts. For instance, a gambler in the 2009 trial, reported that they wished to only transfer $5 to the credit meter and not the default of $20 (Schottler Consulting, 2009).

Accordingly, while an automatic transfer may be convenient for some gamblers, this finding suggests that it may also undermine gambling harm-minimisation objectives. In particular, it highlights that the amount transferred from cashless cards to the EGM credit meter is an important structural characteristic of cashless gaming that needs consideration from a harm-minimisation perspective. In addition, feedback from gamblers highlights that defaults are not appropriate and may undermine informed decision making.

Some precommitment systems (e.g., as reviewed in Schottler Consulting, 2009) allowed gamblers only to change the amount they could transfer to the EGM credit meter by using a kiosk that was distant from the EGM. While this may have some potentially positive effects (e.g., gamblers have to physically walk to the terminal to increase their credit meter transfer limit), some gamblers in the trial wanted to *reduce* their default transfer amount at the EGM and found having to walk to a kiosk inconvenient. This led to some spending more than they had wanted.

Such gamblers wanted to be able to transfer only small amounts towards the end of their gaming session to better control their expenditure. Accordingly, having to walk to a terminal to reduce transfer amounts undermined the gambler's own harm-minimisation objective to control their gambling expenditure.

As smaller transfer amounts may be frequently drawn upon when a gambler is nearing the end of a gaming session, it may imply the importance of giving gamblers the ability to make such reductions at the EGM. In line with principles of pre-commitment, it could be argued that reductions in any settings should be permitted at an EGM, but that increases should potentially be made at a location distant from the EGM location.

Accordingly, this analysis highlights that the following important structural chracteristics of cashless gaming need to be considered from a harm-minimisation perspective:

Important structural characteristics of card-based cashless gaming

1. Maximum card balance limits for cashless cards – including their intersection with other regulations designed to protect gamblers from potential harm (e.g., EFTPOS limits, cheques).
2. Use of cash crediting terminals and EGM-based crediting of cards as methods of allowing gamblers to place money on their cashless gaming card.

Checking balances and gambling expenditure on cashless cards

Precommitment trials involving card-based cashless gaming highlighted that there were three main methods of checking balances on cashless gaming cards – printed player activity statements, by pressing a button on the cashless system at the EGM (where the cashless card in inserted) and at a separate kiosk with touch screens.

Trial research showed that some products do not have balance buttons at EGMs that are salient to gamblers – especially where balances are only presented on a small LCD screen where cards are inserted (e.g., Schottler Consulting, 2009). This was reported to make it difficult for gamblers to check and monitor their gambling expenditure.

A further observation highlighted that all products suffered from poor design of player activity statements. In particular, gamblers were often not able to understand the structure of statements, nor specific information presented on statements. As an example, in one trial, statements consisted of three pieces of thermal paper outputted from a system printer. These confused gamblers about their expenditure due to their format and use of confusing language (Schottler Consulting, 2009).

This highlights the need for careful design of activity statements and user-testing in field to ensure that gamblers understand statement content. As poor design has potential to undermine harm-minimisation objectives, it highlights the need for user research and testing of methods of providing gamblers with expenditure information in cashless gaming.

In addition, as most trials showed that gamblers did not frequently access statements, this raises the question about how and when statements should be provided to keep gamblers aware of their gambling expenditure.

Accordingly, this analysis highlights that the following key structural chracteristics of cashless gaming need to be considered from a harm-minimisation perspective:

Important structural characteristics of card-based cashless gaming

1. The locations that gamblers can access the balance of their cashless gaming cards including the importance of being able to easily check cashless card balances at an EGM and also away from the EGM.
2. The availability of salient buttons on cashless card sandwich boxes adjacent to EGMs that allow gamblers to check the balance of their cashless gaming card.
3. The format, content and format of gambling expenditure on player activity statements.
4. Whether, how often and in what format player activity statements should be provided to gamblers to maintain their awareness of gambling expenditure.

In summary, pre-commitment trials using card-based cashless gaming highlight that the above **eight structural characteristics** may influence the extent that EGM gamblers experience harm through use of cashless gaming. As the design of such characteristics is unique to each system, this highlights the importance of carefully testing systems with gamblers prior to introduction of such systems.

What does this tell us?

In summary, research highlights that:

- While some Australian pre-commitment trials have been based on cashless gaming, research has focused on the effect of pre-commitment and the discrete effects of cashless gaming on gambler expenditure remain unknown.
- Australian pre-commitment trials with cashless gaming have demonstrated many of the same benefits of cashless gaming, observed by Nisbet (2004). This includes not having to wait for pay outs and easier movement between EGMs.
- Research from Australian pre-commitment trials highlights cashless gaming may help some, but not all gamblers, manage their expenditure (especially moderate risk and problem gamblers) – this may point to individual differences amongst gamblers.
- As few gamblers in Australian pre-commitment trials with cashless gaming have taken up pre-commitment, this may suggest that cashless gaming is seen to be more of value than the limits.
- Qualitative feedback from gamblers in Australian pre-commitment trials with cashless gaming highlight that some gamblers found it difficult to remember their cashless account balances.
- **Eight important structural characteristics** of card-based cashless gaming systems have potential to protect or harm gamblers, if they are inadequately designed and not tested for effectiveness.

Specifically:

1. Maximum card balance limits for cashless cards – including their intersection with other regulations designed to protect gamblers from potential harm (e.g., EFTPOS limits, ATM limits, cheques).
2. Use of cash crediting terminals and EGM-based crediting of cards as methods of allowing gamblers to place money on their cashless gaming card.
3. The maximum amount that can be transferred from cashless gaming cards to EGM credit meters.
4. How and where EGM transfer amounts can be set and changed by gamblers including protocols for increasing and decreasing credit meter transfer amounts.
5. The locations that gamblers can access the balance of their cards including the importance of being able to easily check cashless card balances at an EGM and away from the EGM.
6. The availability of salient buttons on cashless card sandwich boxes adjacent to EGMs that allow gamblers to check the balance of their cashless gaming card.
7. The format, content and format of gambling expenditure on player activity statements.
8. Whether, how often and in what format player activity statements should be provided to gamblers to maintain their awareness of gambling expenditure.

What do other bodies of gambling research literature tell us about the possible effects of cashless gaming?

While the discrete effects of cashless gaming – as distinct from cash – have not been researched, gambling research literature in a number of related fields has potential to shed light on possible effects of cashless gaming. This literature is briefly reviewed in this section.

Research on access to cash during gambling and implications for cashless gaming

Key findings of literature

The concept of 'access to cash' is relevant to cashless gaming, as some forms of cashless gambling provide gamblers with a large cash reserve on a gambling card (e.g., $500, $1000 etc.). A growing body of research highlights that access to cash may facilitate continued gambling and that problem gambler access to cash may lead to problematic gambling behaviour.

In particular, Thomas et al (2013) described findings of recent literature to conclude that access to cash devices – such as ATMs – may negatively impact gambling expenditure. This review was part of an evaluation that found that ATM removal from Victorian gambling venues was effective from a harm-minimisation perspective.

Early precommitment research by McDonnell-Phillips (2006) further supports this finding. This study examined precommitment in gamblers and found that access to cash was a trigger in gamblers exceeding precommitments and that this was a more powerful trigger for moderate risk and problem gamblers.

Delfabbro et al (2007) additionally demonstrated that access to cash would occur a number of times for problem gamblers and that ATM use was not a one-off behaviour. Nearly half of problem gamblers in their sample reported obtaining cash 'frequently' or 'always' on two or more occasions using an ATM or EFTPOS at a venue. This compared to only six per cent of non-problem or low risk gamblers.

Victorian gambling prevalence study results further emphasise the harm associated with access to cash (Hare, 2014). The 2014 study identified a strong association between problem gambling and accessing cash from EFTPOS during a gambling session, with problem gamblers accessing cash a mean of 3.5 times and moderate risk gamblers accessing cash a mean of 1.6 times per session (compared to 0.1 times for non-problem gamblers. Both groups similarly withdrew a larger amount of money per session ($317.93 for problem gamblers; $130.12 for moderate risk gamblers), than non-problem gamblers ($65.56 for non-problem gamblers).

More recent observatations were made by Rockloff et al (2019). EFTPOS withdrawals in Victoria were associated with gambling risk and moderate risk and problem gamblers withdrew money more frequently than low risk and non-problem gamblers. Specifically, 12.2 per cent of moderate risk gamblers and 39.7 per cent of problem gamblers made three or more EFTPOS withdrawals, compared to only 5.2 per cent of low risk gamblers and 1.5 per cent of non-problem gamblers.

A study by Schottler Consulting (2017) additionally examined the distance that cash devices – such as ATMs – should be located from gamblers to minimise gambling harm in NSW (as ATMs are located within venues in NSW).

The study objective was to identify a minimum distance for cash devices, as part of a parliamentary review of gaming legislation. The study included an attitudinal survey of 700 EGM gamblers.

A unique aspect to this study is that it looked at distances that ATMs may be used to access cash including which distances may minimise harm. Most notably, findings showed that, while around 19 per cent of problem gamblers would be 'not at all' or 'not very likely' to access an ATM if it was right outside the gaming area, around 27 per cent would be 'not at all' or 'not very likely' if it was 30m or 40m away (differences between 30m and 40m were also negligible). That is, an additional eight per cent of problem gamblers may benefit from this increased distance.

A higher benefit, however, was observed for all at-risk gamblers. While around 55 per cent be 'not at all' or 'not very likely' to access an ATM if it was right outside the gaming area, this increased to around 71 per cent, if the ATM was 40m away (~53 steps), an improvement of around 16 per cent.

Accordingly, while findings only suggest that moving an ATM away from gaming areas may have a small positive impact on problem gamblers, the benefit of distance may be higher when all at-risk gamblers are considered.

This research also further supports the notion that even small limitations on access to cash can have harm minimisation benefits.

What implications might this research have for cashless gaming?

The Rockloff et al (2019) finding, that EFTPOS use is associated with moderate risk and problem gambling in Victoria, adds further weight to the evidence that access to cash is attractive to higher risk and problem gamblers.

Accordingly, if any additional form of cash is available to gamblers – whether available via TITO or through card-based cashless gaming – it is likely to be associated with increased gambling harm. In addition, the Schottler Consulting (2017) study highlights that a reasonable proportion of at-risk gamblers may benefit if cash devices are 30-40m away from gaming areas.

Accordingly, gambling research exploring access to cash in gambling highlights that potentially any form of cash is a risk to gamblers and that harm-minimisation mechanisms need to be developed for consumer protection. In particular, this may imply that any methods of accessing cash that are directly adjacent to gamblers may be associated with increased risk of gambling harm.

Research on the ease of tracking gambling expenditure and implications for cashless gaming

Key findings of literature

A body of evidence indicates that gamblers and particularly EGM gamblers generally find it difficult to track their gambling expenditure. In particular, Auer and Griffiths (2016) conducted a review of self-reported expenditure in gambling studies and found that gamblers are generally inaccurate in reporting expenditure.

They also measured the level of inaccuracy by comparing self-reported spending with actual spending over one month in a study of Norwegian online gamblers (a type of 'cashless gaming'). A sample of 1,335 was used to make the comparison between self-reported versus actual losses. Findings revealed that, while estimated losses were correlated with actual losses, gamblers with higher losses were more inaccurate.

Braverman et al (2014) also conducted a similar study comparing self-reported with actual loss in a sample of online gamblers. Estimations were requested over both a 3-month and 12-month period. The authors found that

estimations were more accurate when gamblers were estimating short-term losses and inaccuracy was higher for gamblers with gambling-related problems.

In addition, they found that more experienced sports bettors and casino gamblers gave more inaccurate estimates of losses than less experienced gamblers. It is also of note that Volberg et al (2001) came up with a similar conclusion to the above studies, when they compared industry-reported data with gambler-reported data (i.e., there were large observed differences).

While studies have not compared the ease of tracking expenditure in cash versus cashless gambling, some anecdotal feedback from gamblers highlights that tracking may be easier for some gamblers using a card-based gambling system.

For instance, some gamblers in Queensland precommitment trials (which also offered cashless gaming) highlighted some benefits of cashless gaming as being able to better track expenditure (e.g., Schottler Consulting, 2009). However, it should be noted, this was only a perception.

Wohl et al (2017) argued that, if gamblers cannot track their expenditure, it becomes difficult to adhere to a self-imposed monetary limit, which is critical for harm-minimisation during EGM play. In contrast, if EGM gamblers are properly informed about expenditure, they should be able to use insights to make an informed decision about how much and whether they should continue to gamble (Blaszczynski et al, 2004). This may undermine the ability to gamblers to gamble responsibly and keep control over their spending.

Wohl et al (2017) additionally conducted an experiment that highlighted the value of providing gamblers with information on gambling expenditure. A sample of 649 gamblers in a casino loyalty program were asked to report how much they had won or lost over a three month period and were then provided their player account data. Interestingly, gamblers who saw they lost more money than they estimated on their statement significantly reduced the amount they bet and lost in their subsequent gambling, in spite of not perceiving they had reduced their play. Such findings highlight that gambling expenditure information can be effective in changing gambler behaviour.

The need to ‘push out’ player activity statements to gamblers is additionally emphasised by Schottler Consulting (2010). In this South Australian precommitment trial (a non-cashless gaming trial), not a single EGM gambler accessed an activity statement during the trial and there were no reports of usage of the account web site online.

Together, such findings highlight that there may be benefit in explicitly providing statements to gamblers (in a paper or another preferred electronic format), regardless of whether they are interested in seeing the data.

What implications might this research have for cashless gaming?

If gamblers struggle to track expenditure in gambling online, it is conceivable that a similar issue will occur in cashless gaming. However, due to the absence of cash, gamblers will not have an immediate reminder of their expenditure (unless they have easy and instant access their account and use that access).

Feedback from Queensland precommitment trials using cashless gaming similarly highlights that cashless cards may help some gamblers, while others find that expenditure tracking is easier with cash.

This may point to individual differences between gamblers and that cash may be better for certain people. Literature demonstrating individual differences in working memory (e.g., Gold et al, 2019, Li et al, 2018) and in processes used in Mental Accounting (e.g., Muehlbucher and Kirchler, 2019) may also explain this.

Given the difficulty gamblers experience in tracking gambling, findings highlight the need to design methods to ensure that gamblers are made aware of their expenditure and the money they have available for gambling.

As precommitment trials show that statements are often not accessed, this may highlight the need to explicitly provide card-based cashless gaming activity statements to gamblers (even if they are not sought).

Research on the tokenisation of gambling and implications for cashless gaming

Key findings of literature

The Productivity Commission (2010) considered cashless gaming and noted that it may 'disguise' the fact that gamblers are spending real money (Productivity Commission, 2010). This refers to a broader concern that cashless gaming may have potential to 'tokenise' gambling, such that the true value of money becomes lessened.

A number of studies in the field of gambling research further emphasise this possibility. In particular, Ladouceur and Sévigny (2009) conducted a study to examine three features of Video Lottery Terminals (VLTs), one of which related to the display of cash versus credits. A feature of the machine allowed credits to be changed to a cash display. It was proposed that a display of credits may be harmful to gamblers, because it tokenises the money spent on gambling. In comparison, it was expected that cash would be more helpful in keeping gamblers aware of their expenditure.

Participants in the study gambled in a real bar environment using their own money. Gamblers were intercepted and asked about the presentation of cash, instead of credits, on the VLT. A particular focus was whether the cash display helped the gamblers to better control their gambling activities.

Findings of the study highlighted that not only were the gamblers aware that credits could be changed to a cash display, but 86 per cent of participants used the cash rather than credit option. In addition, 61 per cent reported that the cash display was more useful and easier for calculating the account remaining and 58 per cent felt that it helped control their gambling.

Accordingly, indirectly, such findings may suggest that certain elements of gambling - like display of credits instead of real cash – have potential to undermine the management of gambling expenditure.

A similar finding was made in a study by Focal Research Consultants (2002). This involved evaluation of various responsible gambling features in VLTs including a cash display feature. Findings showed that gamblers not only very much noticed this feature, but also found it more helpful than the display of credits, as it helped connect gamblers with the value of cash they were using to gamble. It was then recommended by the authors that cash display should be adopted in conjunction with machine based budgeting information.

Lapuz and Griffiths (2010) examined the role of chips in poker gambling to assess the tokenization of gambling. The authors described that people are less likely to spend money in more transparent payments forms. Examples of consumers buying goods with 'virtual representations' of money – such as credit cards – were provided as an example of this behaviour. The study then examined the money spent by forty poker players using either chips or real money to make bets.

As predicted, participants gambled significantly more with chips than real cash. The authors highlighted that results may imply that gambling providers should encourage gamblers to play with real money rather than converting money to chips, tokens, credits or smart cards.

Delfabbro (2011) purported that the use of credits in EGMs, instead of money, was contributing to their profitability and reinforced gambling behaviour. This was said to potentially create the possibility for more rapid play and allowed gamblers to gamble with large credit amounts.

While it was not considered misleading, it was considered problematic in that the use of credits had potential to tokenise money used in gambling. Note acceptors were also considered to have a similar effect. It was recommended that use of coins, instead of notes, may help gamblers better appreciate the value of the cash they are spending.

Other findings demonstrate that elements that 'de-tokenise' gambling may help people with problem gambling. Loba et al (2001), for instance, showed that displaying cash information helps pathological gamblers end their session sooner, compared to when credits were displayed.

Hurla et al (2017) additionally found that helping gamblers visualise the monetary value of their losses by converting these into tangible items may assist gamblers to appreciate the value of money lost (e.g., you just lost equivalent of a trip…').

In a review of effects of recent amendments to Queensland gambling legislation and regulation, Livingstone and Francis (2014) additionally purported a view that the use of tokenised gambling credits was a risk factor for some gamblers and that TITO may exacerbate this. However, the level of harm was reported to be contingent on the TITO credit limits available to gamblers and on rules associated with their utilisation. Although the reductions in cash handling was seen to be at odds with other regulatory changes that allow operators to pay out winnings in cash. Accordingly, TITO was described as having potential to lead to some exacerbation of gambling harm.

One study that did not find an effect of tokenization was an attitudinal survey of gamblers by Blaszczynski & Nower (2008). Blaszczynski & Lia (2008) explored differences in attitudes toward money between gamblers, along with their views about smart card use. The authors espoused that changes in the formats of money may have implications for how physical money is perceived, as compared to notational money (e.g., smart cards). It was proposed that using smart cards, gamblers may distance themselves from money and that this could occur at two levels: the initial transfer of funds to the smart card and the use of smart cards to obtain tokens to gamble.

An attitudinal survey was then undertaken in Queensland venues to test this hypothesis. Contrary to expectations about tokenisation, however, there were no differences found between non-problem and problem gamblers in relation to their tendency to spend more money, if they used tokens or chips, compared to cash. It should though be noted that this was only an attitudinal assessment using an agreement-disagreement scale (i.e., one example item included – *I usually spend more money when I'm using tokens or chips than when I'm playing with cash*).

The authors then speculated that use of smart cards would probably not be associated with a tendency to gamble more. In addition, they provided a view that problem gamblers seeking treatment may benefit from smart cards to improve their control over gambling, but only if they were ready to reduce their gambling.

While the information is now somewhat outdated, Parke et al (2008) additionally described the range of card-based gaming products available across the world at the time of the paper. Most noteworthy is that many of the products were cashless and included card systems, ticket systems, central loading accounts, RFID and integrated products using more than one technology (e.g., biometric ID plus a smart card). Virtually all products listed, with the exception of two cashless wagering products were outlined (both were remote loading accounts). This also highlights that cashless gaming has largely focused on EGMs at the time.

What implications might this research have for cashless gaming?

Together, findings highlight the potential for gamblers to lose track of the value of money and given the use of a token (card) in cashless gaming, it raises the potential for money to also lose value during cashless gaming.

As highlighted by Hurla et al (2017), research also suggests the value of helping gamblers recognise the value of money in the context of cashless gaming. While specific recommendations are not available, equating expenditure to real items of value presents one potential avenue for exploration.

Research on online gaming and implications for cashless gaming

Key findings of literature

Online gambling environments provide a useful context for studying possible effects of land-based cashless gaming, as all play is effectively on an account and is cashless (i.e., just like card-based cashless gaming). Some types of gambling have grown significantly in the past years due to the availability of online gambling.

While the transition of land-based casinos to online gambling is well-researched (e.g., Gainsbury et al, 2019), with the exception of credit cards, dedicated research has not comprehensively studied how payment methods in online gambling may be associated with gambling harm (e.g., credit cards versus debit cards versus e-wallets versus EFT v B-Pay etc.).

Similar to other fields, studies have examined pre-commitment and harm-minimisation tools that 'overlay' online gambling sites (e.g., Gainsbury et al, 2019). However, like land-based trials, research has not separated the harm associated with the tools from the harm associated with the cashless payment methods.

However, a number of studies in the field point to increased risks associated with digital payment methods. In particular, Gainsbury et al (2015) found that, relative to single online gambling account holders, multiple online gambling account holders reported that two disadvantages of internet gambling related to it being both more addictive and easier to spend money. They were also more likely to say that use of credit cards or electronic fund transfers had increased the amount they had gambled.

In a paper about internet gambling and addiction, Gainsbury (2015) reported that the use of digital forms of money such as credit cards, electronic bank transfers and digital wallets appear to lead to increased gambling and losses and this is exacerbated in problem gamblers.

This was purported to be linked to the feeling that gamblers are not spending 'real money'. The author reported that surveys suggest that between 19 and 28 per cent of online gamblers found it easier to spend money *online* relative to land-based gambling. Accordingly, this provides some evidence that certain payment characteristics may trigger increased expenditure.

Gainsbury et al (2020) examined the harm-minimisation characteristics of consumer protection tools on internet gambling sites. While tools are required by regulators and widely available, the authors reported that few tools are used by gamblers. This has interesting parallels to Australian precommitment trials, where tools for precommitment are available, yet are not widely used by gamblers (e.g., Schottler Consulting, 2010). In particular, of relevance to cashless gaming, while account deposit limits are available, a survey showed that only around one quarter of gamblers had used this feature.

It is similarly mentioned that convenient online payment methods limit the ability of online gamblers to maintain control over their gambling. The survey conducted as part of the study found that only 3.5 per cent of gamblers put a limit on their bank account or credit card when online gambling and only 24.6 per cent looked at their personal credit card account or statement. However, 55.5 per cent set a formal or informal budget for their online gambling and 46.6 per cent limited the funds available in their account.

Some self-reported effects of deposit limits on gambling harm-minimisation were noted by the authors. Of the 47 respondents using deposit limits, 63.8 per cent felt that the limits had reduced their spending and 53.2 per cent felt that the limits had increased their control over gambling.

The most common reason for not using the available consumer protection tools related to a belief that they already had control over their gambling and were thus not required. The authors recommended that gamblers should be

'nudged' to use consumer protection tools and that the defaults and anchors used for deposit limits should be changed to prevent sites using extremely high values.

A more recent study by Heirene et al (2021) examined the account data of over 39,000 gamblers across six online wagering sites and found that 83 per cent did not use any consumer protection tools and only 15.8 per cent used deposit limits. They also found that many gamblers who set limits increased or removed them and concluded that account limits were not useful, if they could be too easily changed.

Accordingly, deposit limits and total balances kept on cards may be avenues for future policy consideration, though the ability to alter limits needs careful consideration.

A qualitative study by Hing et al (2015) provided similar evidence that internet gamblers recognise that cashless payments play a role in contributing to the loss of control over gambling. The study involved 25 qualitative interviews with moderate risk and problem gamblers.

Participants reported that characteristics of internet gambling that contributed to loss of control included use of digital money and a lower perceived value of online winnings (a further example of tokenisation). In particular, they held a view that not handling cash had a negative impact on their gambling.

They similarly reported losing track of expenditure during sessions of play and that it was easier to chase losses when gambling with 'digital money'. The authors indicated that using digital money effectively lowered the psychological effect of money and led to a perception that digital money was just 'numbers on a screen', 'play money' or part of a fantasy game without consequences. This was contrasted with having to take out 'real' money in a venue.

Gamblers additionally reported that digital money led to higher expenditure, compared to when they played with cash. This was taken by the authors to infer that use of cashless payments led to impaired control over gambling.

Some notable conclusions were drawn by the study authors. It was concluded that a major contributing factor to online gamblers losing track of expenditure, spending more than they intended and chasing losses was use of digital money which did not feel 'real'.

In response to concern over gambling, some Australian banks have recently started to offer customers the potential to block gambling transactions from their credit or debit card. In Victoria, these include Bank of Melbourne, National Australia Bank, the Commonwealth Bank and Westpac. A range of other banks also prevent use of their credit cards on internet gambling.

Hing et al (2014) examined interactive gambling in a large study of online gambling in Australia. Of interest to the current review, the most common payment methods used by Australian interactive gamblers were credit cards (35.9 per cent), debit cards (25.4 per cent) and direct bank transfers (14.0 per cent). The next three methods were BPay (7.5 per cent), PayPal (5.3 per cent) and Poli (4.3 per cent). Together, 19 per cent of payments used various types of 'e-wallets' to pay for interactive gambling.

One of the most commonly mentioned disadvantages of interactive gambling, compared to land-based gambling, was that it was easier to spend money online. The authors additionally reported that higher expenditure was attributed to the ease and swiftness of being able to repeatedly deposit money into online accounts and due to automatic linking of credit or debit cards and bank accounts. This was reported to effectively reduce any 'cooling off' period and increase opportunities to chase losses.

Together, findings of research on internet gambling highlight that one of the key risks associated with gambling online is the use of digital or 'cashless' payment methods. Such methods have potential to undermine self-control over gambling by creating a perception that money is not real and is not the same 'value' as cash.

What implications might this research have for cashless gaming?

As online casino gambling may be the closest and most well-researched form of 'cashless gaming' available, this may highlight that land-based cashless gaming poses similar risks to gamblers.

In particular, there is substantial evidence that the cashless payments in online gambling may lead gamblers to spend more than they can afford and lose control over expenditure. This is associated with the tokenisation of money, which leads to money being devalued.

As research also shows that many online gamblers do not use consumer protection tools like precommitment, such research may point also to the need for future consumer protection measures for cashless gaming similar to online gaming.

In particular, research showing positive effects for deposit limits in online gambling may highlight that such measures may be useful in cashless gaming. From this perspective, online gambling may provide a 'mirror' to the many possible risks of cashless gaming using electronic payment methods.

What does this tell us?

In summary, research highlights that:

- If cashless gaming cards hold more cash than would typically be available in a gambler's wallet, this may present a risk of harm to gamblers.
- As Victorian higher risk gamblers have been shown to be more likely to access any form of cash to continue gambling – including EFTPOS (and previously ATMs), having cash stored on a gaming card (or available via other means – e.g., a debit card, credit card or digital wallet) is likely to increase the risk of harm to such gamblers.
- If gamblers struggle to track expenditure in gambling online, it is conceivable that a similar issue will occur in cashless gaming. However, due to the absence of cash, gamblers may not have an immediate reminder of their expenditure (unless they access their account).
- As pre-commitment trials show that gamblers will not access player activity statements, this highlights the need to ensure that gamblers are regularly exposed to such information.
- As research shows that tokens used in gambling lead to over-spending and money being de-valued, it is plausible that this same effect will occur with a cashless gaming card or ticket (as they are tokens).
- Research from the field of online gambling highlight that online gamblers universally agree that the cashless payment methods used in gambling (digital money) have increased their gambling expenditure and have tokenised gambling – a similar effect may also occur in land-based cashless gaming.
- Online gambling research highlights that deposit limits present some value to gamblers to help control their expenditure.

SECTION 4.
RECENT JURISDICTIONAL DEVELOPMENTS IN CASHLESS GAMING

Jurisdictional developments in cashless gaming

A number of recent international reports from gaming companies suggest that cashless gaming is becoming more popular around the world and this may in part be further accelerating due to COVID-19. However, a review of international jurisdictions highlights that few regulations have been designed to minimise the potential harms associated with cashless gaming. This is arguably also because the effects of cashless gaming are still largely unknown. However, a range of notable developments in the use and regulation of cashless gaming across the world are apparent and a few of the more interesting trends are described in this section of the report.

Cashless gaming developments in the US

ACS PlayOn, is a new casino technology that has been introduced in venues in California and Las Vegas, Nevada (Silverstein, 2019). It is a cashless system that allows a player to swipe a debit card at a table game and receive chips. The transaction takes place on a small handheld device positioned at the table. Players are handed the mobile unit and use it to request the amount they wish to receive, enter their PIN and on bank approval, are issued a receipt.

Allowing players to access money from their gaming position means that players can avoid getting up from a gaming table to access an ATM or a cashier's window. Its use has sparked debate over the impact on gamblers, especially those at risk for problem gambling.

Keith Whyte, Executive Director of the National Council on Problem Gambling (NCPG), reportedly stated that systems like PlayOn are designed to increase the time and money that gamblers spend at the table, and are inherently likely to negatively impact individuals with gambling problems (Whyte, 2020; Cited in Silverstein, 2019).

Whyte reportedly commented that 'increasing the speed of transactions and removing the break in play necessary to visit an ATM may facilitate the preoccupation, loss of control and loss chasing that is the hallmark of gambling addiction'.

In terms of protective measures, the PlayOn system only restricts players in their use of debit cards, but prohibits use of credit cards or the ability to overdraw accounts that incur debt. It also allows bank-imposed daily withdrawal limits. However, it uses point of sale transaction technology, which can provide more cash daily to an account holder than a traditional ATM bank card.

The NCPG has developed a set of Guidelines for Payment Processing that were approved in January 2020 (NCPG, 2020). The guidelines call on gambling operators and other stakeholders to use data they collect to monitor performance, encourage gamblers to set their own limits of time and money, deliver personalised responsible gambling messages, allow players to self-exclude, synchronise their exclusions with venue and state exclusion lists, research signs of problematic play, and develop models to help predict and prevent excessive usage.

The Nevada Gaming Control Board in January 2020 proposed a set of additional requirements to the technical standards for cashless wagering systems. These requirements state that:

> Debit card transactions must be executed in accordance with all state and federal electronic funds transfer requirements or wagering account transfer requirements, including receipting and fee disclosure requirements.
>
> Additionally, for electronic funds transfers, the cashless wagering system must have the following capabilities:
>
> (a) Provide for a configurable daily transfer limit, which must not exceed an amount per calendar day per debit instrument that is set by the gaming establishment;
>
> (b) Effective February 1, 2021, provide a means for a patron to select a daily transfer limit for the patron's debit instrument that may be less than the daily transfer limit set by the gaming establishment, and conspicuously display to the patron on the cashless wagering system, on the gaming device or at the gaming table where the cashless wagering system is accessible, or on a printed receipt given to the patron for the electronic funds transfer, notice that the patron has the right and ability to set such a limit; and
>
> (c) Conspicuously display on the cashless wagering system, on the gaming device or at the gaming table where the cashless wagering system is accessible, or on a printed receipt given to the patron for the electronic funds transfer, a responsible gambling message that includes the website of the Nevada Council on Problem Gambling and the toll-free telephone number of the National Council on Problem Gambling or similar entity approved by the Chair that provides information and referral services for problem gamblers.
>
> (Accessed in June 2020 from the Nevada Gaming Control Board website)

Interestingly, the daily limit of $1000 was removed from the original draft after the gaming provider, ACS submitted a petition to remove it.

A Californian tribal casino is reportedly looking to implement technology that allows customers to make electronic payments through their smartphones for slot play (Wargo, 2019).

Under the plan, a player utilises the resort's mobile app to load money onto a game. TribalNet CEO Mike Day reportedly stated that the advancement of e-wallet technology will be the next major cashless shift, moving past ticket in ticket out and bill validators into a true fully cashless solution.

The venue operator is reportedly working with several gaming equipment vendors in developing the mobile wallet. However, implementation of the technology is still subject to changes in California's regulatory rules.

The US$4 billion integrated resort, Resorts World Las Vegas, also introduced the first cashless casino on the Las Vegas strip including for both slots and table games. Patrons have access to digital wallets and cardless log-ins, with funds able to be transferred at either a kiosk, at services desks or via external accounts (e.g., bank, PayPal).

Cashless gaming developments in Sweden

Another interesting example of developments in cashless gaming is in Sweden. International Game Technology PLC announced in May 2020 the introduction of its cashless gaming technology IGTPay™ throughout the state-owned Svenska Spel venues in Sweden.

This technology enables players at VLTs to draw funds directly from their bank account through *Swish*, a widely used mobile payment service in Sweden. Players simply approve the transfer via their mobile device and following completion of gameplay, any available funds are returned directly back to the player's bank account automatically and instantaneously (Miller, 2020).

Sweden introduced new gambling legislation in 2018 which reflects some of the advances in gambling technology over recent years.

The Swedish gambling authority has also issued corresponding regulations and general advice for licence holders, which outlines the functional requirements for licence holders in relation to players.

These regulations include provisions such as:

- A player must be able to see their balance in the player account immediately after each completed transaction. There must be a function to show the player which games they have participated in, all the bets made and all the winnings paid out.
- There must be a function that can give the player warning messages regarding winnings and losses during the login session, as well as information on how long the player has been logged in.
- Only the player themself shall be able to set the limits.
- The gambling system must have a function that allows players to easily exclude themselves temporarily or permanently from a game.
- The gambling system must have a function checking for self-exclusion or restricted gambling every time a player registers or logs in to the gambling system.

(Accessed in June 2020 from the Swedish gambling authority website: www.spelinspektionen.se)

Cashless gaming developments in the UK

The Gambling Commission in the UK has provided a checklist for gaming operators to use when considering the introduction of new payment technologies in their venues. The Commission acknowledges that, while developments in payment technology were not foreseen when the Gambling Act 2005 and supporting regulations were drafted, the legislation does permit operators to innovate and make cashless forms of payment available. The legislation also provides some important measures, which aim to reduce the risks of customers spending more on gambling than they can afford, or exceeding their budgets for a gambling session.

In particular, operators must demonstrate that their payment solutions have been designed and made available with player protection measures. The Commission may consider taking regulatory action in individual cases, if an operator increased the risk of harm to its customers without providing appropriate mitigations.

The Commission states that operators may need to take account of specific risks such as the layout of their premises or vulnerabilities for particular customers. As part of their assessments, and subject to the provision of other suitable and effective alternatives for mitigating harm, it states that operators must consider how they can ensure that customers are required to take a break from gambling before they access and use new funds to continue gambling.

While the Commission states there is no evidence to suggest what the optimum duration of a break should be, wherever possible, the customer should at least be required to cease gambling at, and physically leave, the

machine, terminal or table at which they are situated, so as to provide some time away from the gambling before they are able to access and use new funds.

This is consistent with the mandatory conditions attached to all premises licences that any ATM is located in a place that requires customers to cease gambling and leave the gambling product in order to use it.

In any circumstance where customers might be able to access new gambling funds with only a limited or no physical break from the gambling product (for example, where customers might be able to use a debit card to replenish an app-based digital gambling 'wallet', or otherwise fund that wallet directly from their bank account), the operator must ensure that customers are provided a break from, or an interruption in, gambling before those funds can be used.

The purpose of the break in play is to reduce the risk of harm to players that could arise from their losing track of the time and money they have spent gambling.

The Commission suggests that a break or interruption in play could involve, for example, slowing the transactional process and providing delays before new funds are made available to the player; perhaps combined with informative messaging, so as to support the player's control and awareness of their gambling spend.

The Commission states that operators should use the new opportunities to support innovation in the protection and empowerment of consumers. For example, cashless payment technology may assist operators in tracking their customers' play, allowing them to collect better data on their customers' gambling behaviour and therefore helping to inform an assessment of those who may be at risk of gambling-related harm.

The new technologies may also assist in the provision of tailored responsible gambling information to customers, including transactional information on the sums of money they have spent or withdrawn, or the development of player-led controls to enable better self-management of the customer's gambling (e.g., allowing customers to set their own spend or withdrawal limits).

In respect of cashless gaming systems, the Commission expects that operators should be able to fully explain:

- How they will ensure that consumers are required to have a break from gambling before they are able to access and use new funds.
- How they will be compliant with the Gaming Machine (Circumstances of Use) Regulations (2007) in respect of the use of debit or credit cards, payment limits and committed payment limits.
- What anti-money laundering controls they have considered in designing their solution. For example, would a player be able to fund a gambling product via cash and then withdraw funds via an app or digital wallet?

The Commission requires operators to consider harm mitigation measures including questions such as:

- What information can your product provide to the consumer about their own gambling? For example, will consumers be able to access information on their transactional gambling history, such as their total gambling win and loss (or account deposit and spend) over certain periods of time?
- Are you able to provide tools that enable the user to manage their gambling? For example, can the consumer use the product to set limits on the amount of money they are able to deposit or spend over a certain period of time? Is there a range of limits available?
- What alerts would be triggered when a limit is reached? How will the limit-setting be made effective in terms of reducing the risk of gambling-related harm?
- Does the product allow for users to voluntarily stop themselves from using the product for gambling purposes for a period of time? Or provide a period of cooling off whereby the product cannot be used for gambling for a certain period of time after limits have been amended by the consumer?
- Does your solution enable you or a gambling operator to monitor customer behaviour (e.g., the gambling spend or intensity of an individual customer) over a period of time?

(Accessed in June 2020 from the UK Gambling Commission website)

Push for cashless gambling due to COVID-19

There are a number of recent international developments in cashless gaming that have been expedited as a result of the COVID-19 pandemic.

COVID-19 related developments in the US

For example, the American casino industry has called for gambling regulators to make it easier to adopt cashless payment transactions on the casino floor to help customers avoid handling money during the coronavirus outbreak (Parry, 2020).

So far, there has not been widespread adoption of digital payments at casinos or other gambling facilities in the US, which is reportedly due to several factors including limits imposed by state legislators or gambling regulators.

Presently, only a small number of casinos use such payments, which include debit or credit cards, as well as apps like Apple Pay, Google Pay, and PayPal.

In a report released in June 2020, the American Gaming Association called on regulators in states where gambling is allowed to update their rules or laws to integrate cashless options for gamblers.

The Nevada Gaming Commission has a hearing scheduled for June 25, 2020 where it is expected they will accept the state Gaming Control Board's recommendation for amendments to state regulations that would streamline the approval and testing process for modern payment methods.

COVID-19 related developments in Canada

Another example of the push towards cashless gambling due to COVID-19 is in Canada. As at 12 June 2020, Alberta was the only province in Canada allowed to re-open casinos. The government of Alberta outlined guidelines for businesses to meet in order to help reduce the risk of COVID-19 spread.

The 'COVID-19 Guidance for Casinos and Racing Entertainment Centres' states that venues should use contactless payment/payout and avoid cash payments/payouts where possible (Alberta Gaming, Liquor & Cannabis). Regulations to mitigate the possible negative impacts on gamblers relating to contactless payments, however, have not been published at the time of the review.

Although not COVID-19 related, the Union of British Columbia Municipalities (UBCM) delegates in Canada recently voted that the provincial government should move casinos to cashless gaming to cut money laundering. The approved resolution requested the government to take immediate steps to address money laundering in casinos and to undertake an evaluation of cashless gaming systems, whereby account-based card technologies are used to verify player identity and track gambling transactions on all gaming devices (Hainsworth, 2019).

COVID-19 related developments in Sweden

The Government of Sweden (2020) has introduced temporary responsible gambling measures in response to the increased risk of gambling during the COVID-19 pandemic. It states that the increased risk of unemployment, sick leave and financial uncertainty can increase the risk of mental ill health as well as gambling and financial problems.

The ordinance adopted on 15 June 2020 contains temporary provisions stating that the deposit limit for gambling on online casinos may not exceed ~$777 AUD. A corresponding loss limit will apply when gambling on slot machines. It will also be mandatory for players to set limits on gambling time when gambling on online casinos and slot machines, and bonuses offered by licence holders operating online casinos and slot machines may not exceed ~$15 AUD.

The temporary ordinance will come into effect on 2 July 2020 and expire at the end of 2020.

COVID-19 related developments in Finland

The Finnish Ministry of the Interior has additionally issued a decree significantly reducing monthly and weekly loss limits for online casino offered by Veikkaus (Finland's state-owned gambling operator), while Veikkaus has announced that lottery draws will be suspended until further notice (iGB, 2020).

The decree states that the monthly loss limit for 'fast-paced online games' will be reduced from ~$3277 AUD to ~$819 AUD as a result of the 'exceptional circumstances' of the COVID-19 pandemic.

The maximum daily loss per player has been halved from ~$1,639 AUD to ~$819 AUD, meaning that an individual would be unable to gamble for the rest of the month should they lose the maximum in a day.

This will apply to online slots, online bingo, instant win games and table games, excluding poker, coming into force from 1 May and in place until 30 September (accessed in June 2020 from Finland's Ministry of the Interior website).

Recent developments in Australia

As of August 2021, there is a trial underway of cashless gaming in Newcastle. This trial is supported by the NSW Government and will test cashless gaming in a club called Wests Newcastle (led by Aristocrat Gaming).

Conclusion

Findings of this brief review of jurisdictional developments in cashless gaming highlight that, while many jurisdictions are considering cashless gaming, few clear regulations have been developed. However, it is clear from this review that COVID-19 may be accelerating the transformation of traditional gambling into cashless gaming.

As the COVID-19 pandemic was only in relatively early stages at the time of this review, this may account for why regulatory parameters for cashless gaming have not been widely published. Accordingly, this should be particularly monitored over the coming 12 months when many of these may be developed.

What does this tell us?

In summary, research highlights that:

- Debit cards are being used in the US to play casino table games. As such systems do not require players to break play to access cash, they have been identified as having the potential to harm gamblers.
- Point of sale transaction payments in gambling that provide more cash than a traditional ATM have been identified as having potential to harm gamblers.
- A Californian tribal casino is looking at use of smart phones with e-wallets and apps for gambling payments.
- In Sweden, the Swish mobile payment system will allow gamblers to pay for gambling with debit cards (Players approve the transfer via their mobile device).
- In relation to cashless payment methods, the UK Gambling Commission requires that gamblers take a break from gambling before they access new funds. This is also seen as important for consistency with ATM regulations.
- The Commission also highlights that one example of a break in play could involve slowing the transactional process and providing delays before new funds are made available to gamblers and providing informative messaging to support the gambler's control and awareness of their gambling spend.
- There is some early evidence from internet scans that COVID-19 may be increasing industry interest in cashless gaming.
- Due to concern over the major economic crisis resulting from COVID-19, regulators such as Sweden and Finland have reduced gambling limits to protect the population from gambling harm. This also highlight the dire risk that the COVID-19 economic crisis may pose to gamblers.

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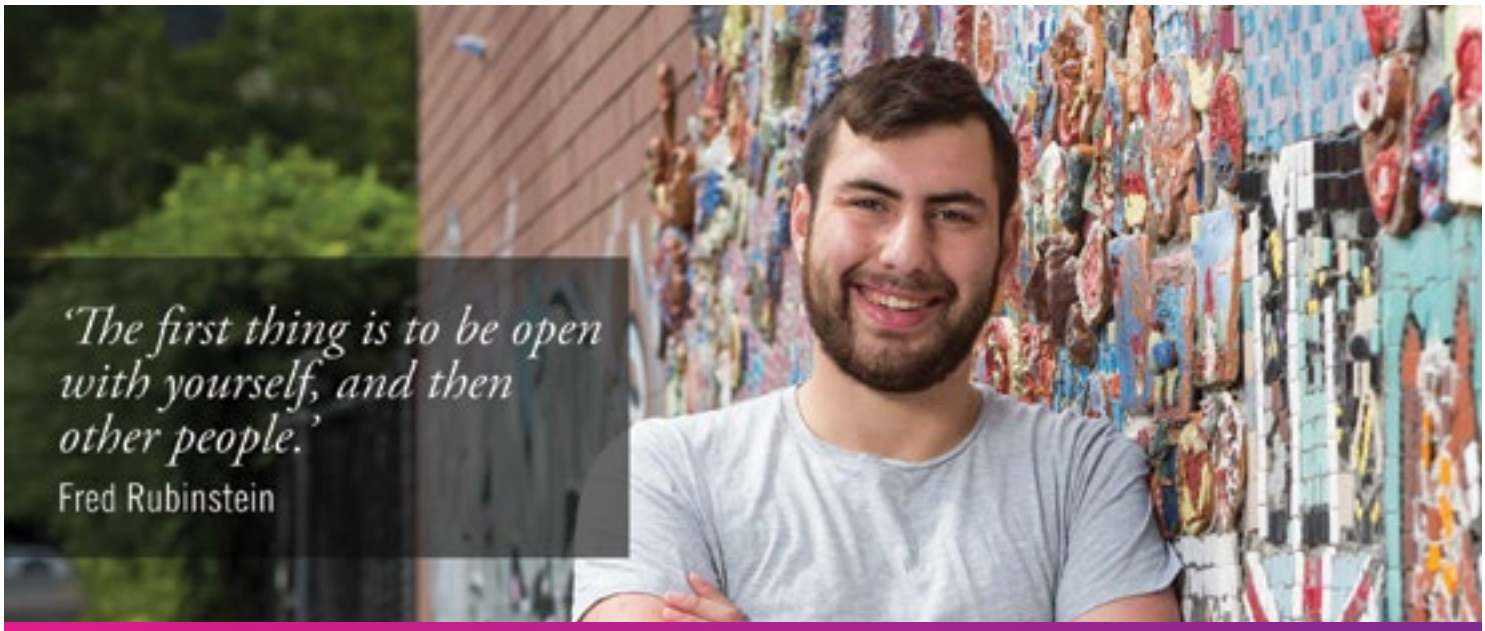

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To cite this article: Eve H. Limbrick-Oldfield, Candy Chua, Natalie Cringle, Kent MacDonald, Mario A. Ferrari, Ke Zhang & Luke Clark (2022) Cashless gambling and the pain of paying: effects of monetary format on slot machine gambling, Addiction Research & Theory, 30:3, 220-230, DOI: 10.1080/16066359.2021.2009465

To link to this article: https://doi.org/10.1080/16066359.2021.2009465

ADDICTION RESEARCH & THEORY
2022, VOL. 30, NO. 3, 220–230
https://doi.org/10.1080/16066359.2021.2009465

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Cashless gambling and the pain of paying: effects of monetary format on slot machine gambling

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ABSTRACT

Advances in cashless technologies create a dilemma for gambling regulators. Research indicates that cash purchases entail a 'pain of paying' that is attenuated with more abstract forms of payment, yet limited research has directly tested the impact of mode of payment on gambling behavior. Across two experiments, community-recruited gamblers were randomized to use an authentic slot machine in the laboratory, under different conditions of monetary endowment. In Experiment 1 (n = 61), participants were endowed with funds to play the slot machine, in either a cash or voucher format. In Experiment 2 (n = 48), participants acquired the cash endowment as a windfall or from an earning task. In session-level analyses, bet size and bet volume did not vary as a function of monetary condition. In more sensitive trial-level analyses, no interactions involving the monetary manipulations were consistent across the two experiments. Data from both experiments indicated faster spin initiation latencies as a function of losing streak length, and slower spin initiation latencies and larger bet size as a function of the prior win magnitude. These trial-level analyses show systematic influences on gambling behavior in the laboratory environment, supporting the basic sensitivity of our design. Overall, our data provide weak evidence for the hypothesis that monetary factors influence gambling tendencies. Acknowledging the possibility of the null hypothesis, these data also highlight the methodological challenges with manipulating monetary value in gambling research, including the use of endowed funds, and controlling for sources of variability when using authentic slot machines.

ARTICLE HISTORY
Received 11 January 2021
Revised 15 November 2021
Accepted 17 November 2021

KEYWORDS
Gambling; slot machines; pain of paying; money; risk taking; decision-making

Introduction

Money is a central feature of gambling (Binde 2013). Modern commercial gambling is an activity that necessarily costs money, with a chance of winning a larger prize than the amount bet. Regulatory issues surrounding money and gambling are becoming more important as payment technologies evolve (Gainsbury and Blaszczynski 2020). In the North American casino landscape, bill acceptors and Ticket-In Ticket-Out (TITO) interfaces began to replace coin operation on electronic gaming machines (EGMs) in the early 2000s. A contemporary slot machine will accept either a banknote or TITO voucher, but wins or remaining funds on that machine can only be cashed out as a voucher, which the gambler must take to a cashier desk to convert back into actual cash. Recent technological advances could readily enable card-based payments (either debit cards, credit cards or venue loyalty-card programs) or contactless payments (e.g. via mobile phone) (Parke et al. 2008) in gambling venues, subject to regulatory approval. While most jurisdictions are yet to embrace these developments, regulators may anticipate industry pressure, given the added convenience as our societies become 'cashless'. These developments may be amplified in the wake of the COVID-19 pandemic, which restricted the use of physical cash in many countries (e.g. Wilson 2020), and precipitated the temporary closure of land-based gambling venues, supporting a migration to online gambling (Håkansson 2020; Price 2020). Relatively little is known about how gambling payment format affects gambling behavior, and whether these developments could exacerbate gambling-related harm (Swanton and Gainsbury 2020).

Economic theory stresses that money is fungible: one $20 bill is worth the same as any other $20 bill. At the same time, not all $20 transactions are equal. For example, consumer behavior changes as a function of which 'mental account' a payment comes from (Thaler 1985) (see Muehlbacher and Kirchler 2019 for review). Each purchase is associated with a psychological cost termed the 'pain of paying' (Prelec and Loewenstein 1998; Prelec and Simester 2001), which is reconciled against the value of the good that

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Supplemental data for this article can be accessed here.

is obtained. Several factors are thought to modulate the psychological pain experienced. Here we consider two specific factors; the method of payment, and how the money was obtained. Payments made with physical cash (i.e. bills or coins) are hypothesized to be more 'painful' than cashless payments, and research has found that people spend more when using more abstract forms of payment, such as credit cards (Soman 2003; Thomas et al. 2011; Meyll and Walter 2019), vouchers (Raghubir and Srivastava 2008), or mobile payment technology (Meyll and Walter 2019). By some accounts, cash payments may differentially recruit actual pain-related circuitry in the brain e.g. the insula (c.f. Banker et al. 2021). Various boundary conditions appear to exist for pain-of-paying effects (See-To and Ngai 2019) and it is conceivable that these effects may be changing over time as the use of real-world cash declines, and cashless payments become the norm.

These influences have received limited attention in the specific context of gambling behavior and harmful gambling. A number of studies have tested a coarse comparison of gambling for money, versus non-incentivized predictions or gambling for points (e.g. Meyer et al. 2000; Ladouceur et al. 2003; Weatherly and Brandt 2004; Wulfert et al. 2005). These studies consistently indicate increased arousal and altered gambling behavior when money is at stake, but these designs do not speak to the contemporary discussions around cashless technologies, in which the money is real but takes a less tangible form. Other studies have examined how the balance information is displayed in electronic gaming machines (EGMs), in either a cash (e.g. $9.90) or credit (990) format. In an observational study in regular gamblers, 86% reported using the cash display setting and 58% of these endorsed the view that this feature helped to control their gambling (Ladouceur and Sévigny 2009). In a laboratory study manipulating the availability of a cash counter, pathological gamblers gave lower ratings for 'difficulty of stopping play' in the cash counter-on compared to the -off condition (Loba et al. 2001). Other work has considered the removal of high denomination bill acceptors from EGMs (Blaszczynski et al. 2005; Sharpe et al. 2005). Under this configuration, a gambler could enter 5 × $20 bills but would not be permitted to insert a single $100 bill. People with gambling problems were more likely than the recreational gamblers to use high denomination bills for gambling, but restricting this feature had no discernible impact on gambling behavior. The clear differences between these manipulations highlight the limited nature of the current evidence base for monetary influences on gambling (Palmer et al. 2021). In these examples, the use of cash displays and restrictions on high denomination bills may be considered subtle manipulations that might 'nudge' gamblers toward healthy behavior, but these experiments do not directly address the possible impacts of cashless modes of payment on gambling behavior.

A further factor that modulates the pain of paying is the source of the money. According to the 'house money effect' (Thaler and Johnson 1990), participants are more willing to spend money that has been won than earned money. In 'real-effort' procedures in behavioral economics, participants engage in an initial task in which funds are earned through an effortful, monotonous procedure, to create a sense of ownership (Erkal et al. 2011). Earned funds were associated with less spending compared to windfalls (Reinstein and Riener 2012; Corgnet et al. 2015), and higher levels of earned income were associated with lower donations on a subsequent charitable giving task (Erkal et al. 2011). Earning manipulations have not been directly examined in a gambling context. In a field study of 'windfalls', casino patrons who received a free-credit voucher upon entry actually gambled less, in contrast to the house money effect (Rüdisser et al. 2017). As laboratory experiments on gambling typically rely on endowed funds (akin to a windfall), some studies have sought to encourage participants to treat the endowment as their own money. When playing a slot machine simulator, participants who initially saw and held their cash endowment gambled less and left with more money than those who were not given this opportunity (Weatherly et al. 2006). Another study found no difference in behavior between participants who were shown a picture of the money, versus no picture (Brandt and Martin 2015).

In the present study, we manipulated monetary format in two experiments using authentic multi-line slot machines housed in a laboratory environment. Across both experiments, we hypothesize that endowment conditions that increase the pain of paying would decrease risky gambling behavior, and vice versa (see Figure 1). In Experiment 1, we compared a standard cash endowment with a voucher condition, based on a realistic TITO voucher. We predicted that the voucher would be associated with reduced pain of paying and thus increased gambling intensity. In Experiment 2, we compared a 'windfall' endowment with an earned condition based on a real-effort procedure, predicting that the earned condition would experience increased pain of paying and thus decreased gambling intensity. In each experiment, the primary analyses of gambling intensity relied on the total number of bets and the average bet size, aggregated over the session. Notably, our cash condition in Experiment 1 and the windfall condition in Experiment 2, although named differently, had highly comparable endowment procedures (see Figure 1).

A further 'trial-level' analysis was undertaken to examine the amount bet, and the pace of play, as a function of a number of in-game factors that could not be controlled in the context of an authentic slot machine game (Figure 2). Inspired by behavioral research on the 'micro analysis' of alcohol consumption and smoking (Gust et al. 1983; Davidson et al. 1999; Lee et al. 2003), this was expected to be a more sensitive analysis, taking into account the number of successive losses, the size of any previous win, and the current in-game balance. For example, the post-reinforcement pause (PRP) refers to a slowing in the time taken to initiate the spin, following a winning outcome compared to a loss (Delabbro and Winefield 1999; Dixon et al. 2013; Chu et al. 2018). (Note this effect has both an appetitive/hedonic component and an aversive/frustrative component, Eben et al. 2020). Both the PRP effect and the average bet size

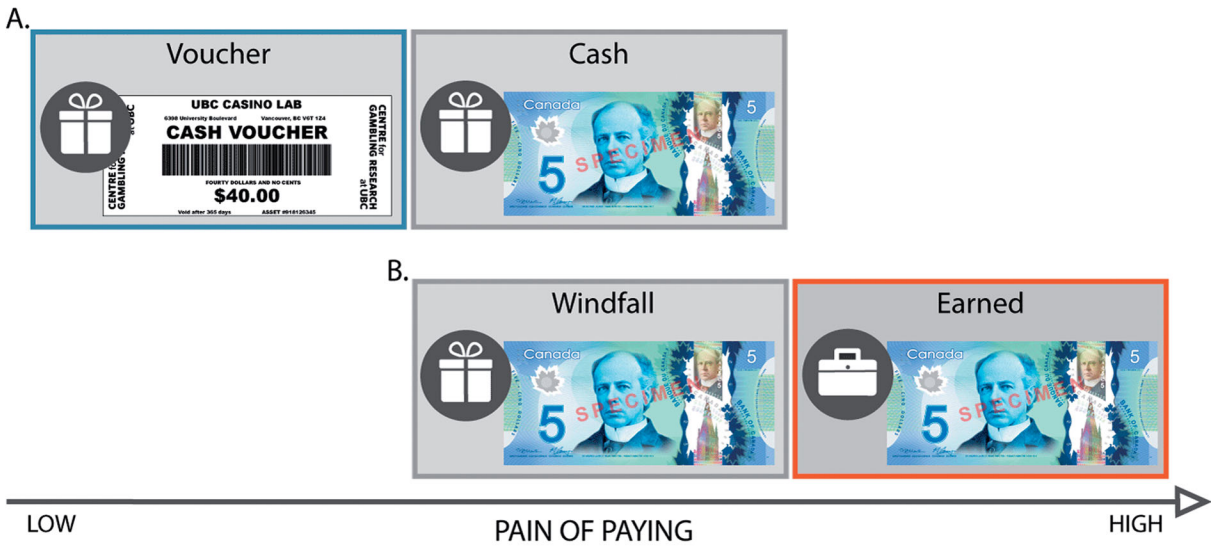

Figure 1. The pain of paying hypothesis. As the pain of paying increases, risky behavior should decrease. (A) Hypothesis 1 predicts increased gambling when participants receive the money to gamble as a voucher, compared to cash. (B) Hypothesis 2 predicts decreased gambling when participants earn money to gamble, compared to a cash windfall. Image source for $5 bills: Bank of Canada.

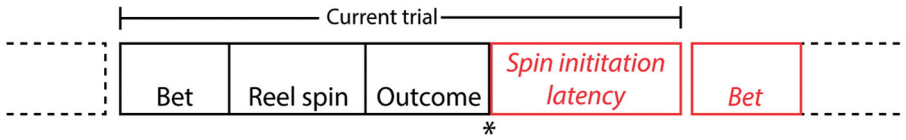

Figure 2. Trial structure for the trial-level analysis. Spin initiation latency and next bet size (in red) were analyzed as a function of the current state of the machine at *, after the outcome.

also scale with the *size* of a prior win (Tremblay et al. 2011; Dixon et al. 2013). The number of successive losses can also modulate the bet size (Studer et al. 2015; Tobias-Webb et al. 2016); and putatively, the machine's current balance may serve as a reference point to elicit either loss chasing (when losing) or a house money effect (when in profit) (c.f. Chapman et al. 2019). Our trial level analyses tested for these systematic influences, in order to examine the sensitivity of our basic approach (i.e. studying authentic slot machines in a laboratory environment) and the consistency of any effects across the two experiments.

Methods

This study was approved by the Behavioral Research Ethics Board at the University of British Columbia (H16-01168). Participants provided written informed consent prior to participation.

Participants

For both experiments, participants were recruited through advertisements online (Craigslist, Kijiji, and departmental websites) and in local newspapers. Participants were eligible for inclusion if they had gambled on slot machines (land-based or online) in the past three months, were 19 years or older, and had normal or corrected-to-normal vision. Prior to participation, individuals were screened for eligibility by telephone. Individuals were excluded if they scored greater than seven on the Problem Gambling Severity Index (PGSI) (Ferris and Wynne 2001), or had ever sought treatment for gambling problems or enrolled in voluntary self-exclusion. Further exclusion criteria were a history of neurological illness, head injury, or psychiatric hospitalization.

Experiment 1: Cash vs voucher

Data were collected from 69 participants and complete data is reported from n = 61 (cash = 30, voucher n = 31). Eight participants could not be included due to early problems with our video capture procedures from the slot machine session.

Experiment 2: Windfall vs earned

Data were collected from 53 participants and complete data is reported from n = 48 (windfall n = 28, earned n = 20). Data from one participant was excluded as they did not meet the inclusion criteria, one participant had incomplete video data, and three participants in the Earned condition did not engage with the earnings task.

Procedures

Experiment 1: Cash vs voucher

Participants attended a single test session lasting approximately two hours. Upon arrival, participants were randomly assigned to the 'voucher' or 'credit' group. In a standard testing room, participants completed the consent procedure and PGSI administration, followed by some further questionnaire measures and a computerized decision-making

task (to be reported elsewhere) on which they could win a small amount of money. Participants were given written instructions for the slot machine session and were informed that the EGM video feed would be recorded. The slot machine used was Great Wall II (Williams Interactive, WMS), which was provided to our laboratory by the British Columbia Lottery Corporation (see Supplementary S1). Participants were instructed that they would have up to 30 minutes to play the slot machine. This included a fixed period, followed by a further period when they were free to stop at any time. The end of the fixed period was indicated by flashing the ambient lighting. If the participant chose to stop playing before the 30 minutes ended, or ran out of machine credits, they were asked to remain in the lab, and were given neutral reading materials to pass the time. Any credits remaining at session end would be payable as a cash bonus (bonus = final balance divided by two, up to a maximum of $50). For a study in community gamblers, we considered it important to use an incentive structure that was directly related to their gambling outcomes, while balancing the ethical consideration that with an authentic slot machine, some participants could win large jackpots.

Following the instructions, participants in the cash group were given $40 (CAD) in $5 bills, and were asked to count this money. Participants in the voucher group were given a $40 paper slip modeled on the TITO vouchers used in local casinos. All participants were asked to write down the value of the funds received, on a participant payment sheet that also displayed the formula for the cash bonus. Participants were then taken to an adjacent room housing four slot machines, with comfortable casino stools and dim lighting.

Participants in the cash group were asked to load the $40 into the machine. The voucher group saw and held the voucher, but the slot machine was pre-loaded with the $40 credit before the participant entered the lab. Nevertheless, the participant was instructed to post the voucher into a black box attached to the machine next to the bill acceptor. As part of the manipulation, the slot machine display was set to the cash format in the cash group, and the credit format in the voucher group. As experienced slot machine gamblers, the participants were instructed that they could vary their betting style during the session across both the number of lines and the credits per line. Upon initiating the first bet, the experimenter started a timer and exited the room, in order to ensure a naturalistic environment and reduce observer effects (e.g. Rockloff and Dyer 2007). After ten minutes, the lights in the room were flashed on and off several times by the experimenter outside the room. After 30 minutes, the experimenter reentered the room and noted the machine balance. The participant returned to the original testing room, recorded their final balance and corresponding bonus payment on the payment form, and then completed some further questionnaires. Debriefing included both verbal and pamphlet information about myths associated with slot machines and local resources for problem gambling.

Experiment 2: Windfall vs earned

Upon arrival participants were randomly assigned to the windfall or earned group. The first stage of the procedure was identical to Experiment 1, with the key difference that participants in the earned group completed an initial task to earn the funds for their subsequent slot machine session. The Navon task (Navon 1977) was chosen as a cognitively demanding but monotonous task in which the participant views compound letters (e.g. the letter H constructed from small Ss), and must identify the local letter (S or H) on each trial. Participants were instructed that they would earn 20 cents for each correct answer and they needed to earn $40 for the slot machine session. When the participant had earned $40, they were given the cash in $5 bills, asked to count it and fill in the payment record, and placed the cash in their wallet, purse or pocket. In the windfall condition, participants were given a magazine to read instead of completing the Navon task, and after 20 minutes they were given the $40 in $5 bills. For the slot machine session, there were two adjustments from Experiment 1: i) we used a different slot machine, Buffalo Spirit (Williams Interactive, WMS) (see Supplementary S1), ii) the fixed period of required play was reduced from 10 to 5 minutes (see Supplementary S2).

Data extraction. Behavioral data capture from authentic slot machines is not straightforward. In these experiments, the gambling session was recorded by splitting the video output from the slot machine's internal computer, and events were extracted from this feed using custom python scripts (see Supplementary S2).

Analysis

All analyses were carried out in R (R core team, Vienna) and R scripts are available online (https://github.com/CGR-UBC/cashless_gambling_2021). We used identical analysis pipelines for both experiments. The analysis for Experiment 2 was pre-registered (https://aspredicted.org/pb4m9.pdf) based on preliminary analyses from Experiment 1. Ultimately, we made some deviations to our pre-registered plan for Experiment 2 (see Supplementary S4), due to unanticipated characteristics of the data that were revealed in further analysis of the Experiment 1 dataset.

For each experiment, group characteristics (age, PGSI, self-reported monthly slots expenditure) were compared between groups using Wilcoxon rank sum tests, due to these data not meeting the assumption of normality. Gender was compared between groups using Chi-square tests.

Our analyses comprise a 'session-level' comparison of the experimental conditions, i.e. the per participant summary variables from the slot machine session, and a further 'trial-level' analysis using multiple regression models on the entire trial-by-trial dataset (i.e. a single datasheet comprising all spins, from all participants). For the session-level analysis, we identified summary variables with the aim of distinguishing risk-taking and persistence as different expressions of gambling intensity (see Supplemental S2 for further explanation): 1) mean bet size, 2) total bet amount across the

whole session, 3) machine balance at the end of the session, 4) total bet amount in the initial five minutes. Each of these scores were compared between conditions with Wilcoxon rank sum tests, due to deviations from normality in these data. Four participants were excluded from the session-level analyses: one participant in each experiment chose to stop playing before the end of the fixed period, and two participants in Experiment 2 accidentally cashed out (a button that renders the machine unplayable while an attendant is called). Available data for these participants were included in the trial-level analysis.

In the trial-level analysis, participant number was entered as a fixed effect. Fixed effects regression allows each participant to act as their own control, and this is well-suited for handling missing and unbalanced data (Allison 2005; Studer et al. 2015; Murch et al. 2017; Chu et al. 2018) (see also Supplementary S3). Separate models were run on trials following a win (i.e. any non-zero outcome), and trials following a loss, in order to include win size, and losing streak length, as linear predictors that were specific to these respective conditions. Due to the distribution of outcomes on a slot machine, the loss models inherently contained more trials than the win models. As well as distinguishing these two sets of models, two dependent variables were considered. The spin initiation latencies were analyzed with linear regression. A spin initiation latency was defined as the time from the end of a trial (when the button panel is released to allow the next bet) to the participant starting the next trial by pressing the 'spin' button. Trials with latencies over 10 seconds were removed (see Supplementary Table S1 for the number of trials removed in each model, and Supplementary S4 for the outlier approach), and the latency data were log transformed. Bet size was analyzed using logistic regression, as a binary variable indicating whether any given bet was below (or at) the participant's median (= 0), or above the participant's median (= 1), as a function of the prior outcomes. In summary, four models were specified for each experiment: a Win model, including the size of the prior win as a predictor, on the spin initiation latencies and the bet sizes; and a Loss model, including the losing streak length, on the spin initiation latencies and the bet sizes.

For the Loss models, the following regressors of interest were entered: loss streak length (number of trials since a win, log transformed), the current Machine Balance (in dollars), and the interaction of these regressors with group (Experiment 1: cash (0) vs voucher (1); Experiment 2: windfall (0) vs earned (1)). Coding the reference categories in this way facilitates the comparison of the cash and windfall conditions, which have similar endowment procedures. For the Win models, the win size (in cents, log transformed) and the interaction between log win size and group were the predictors of interest. Machine Balance was tested in the Loss models due to the greater number of available trials, and was entered as a regressor of no interest in the Win models. For all models, trial number (square root transformed) was entered as a regressor of no interest. For the spin initiation latency models, a binary variable indicating whether the bet amount was changed was entered as a regressor of no interest, as any change in the betting configuration is likely to delay the initiation latency. For any models where significant ($p < .05$) interactions with group were observed, the model was re-run with the groups reversed, to test for the effect in the alternative reference category.

Regression models were tested using robust regression, to reduce the impact of outliers and deviations from normality. All models were visually assessed to check residuals were normally distributed, and the weights applied during the robust regression were inspected to ensure that there was no systematic bias in the de-weighting of data points that may reduce the interpretability of the models. To produce a visual representation of the raw data, data from all participants were combined. Linear predictors were binned, and a boxplot was produced using these bins as categories. For the model predictions, predictions were made for every participant, and the mean of these predictions was plotted. All variables in the model (other than the variable plotted and group) were fixed at the median, with the exception of the binary bet change variable which was set at zero (no change). Therefore, the predicted plots show the effect of the variable of interest, controlling for the other variables in the model. In contrast, the raw data boxplots do not separate the effects of different variables, or account for the unbalanced nature of the data between participants.

Results

Across both experiments, the groups did not differ significantly in age, gender, PGSI score, and self-reported past-month slot machine expenditure (Table 1). For the session-level analysis, we did not observe any group differences between the four summary variables in either experiment. Thus, neither monetary manipulation had an overall effect on gambling intensity at the session level (Table 1).

For the trial-level analysis, we observed several effects on betting behavior and spin initiation latency, as a function of the current state of the machine. The regression models are reported in full in Supplemental Tables S3-S10.

Models with spin initiation latency as the dependent variable

Loss streak length

In Experiment 1, we observed a significant negative effect of loss streak length in the cash group. As loss streak length increased, the spin initiation latencies became faster (Table 2, Figure 3(A)). This effect was significantly modulated by group, and was not significant in the voucher group. In Experiment 2, we observed a significant effect in the windfall group, again finding that as loss streak length increased, the spin initiation latencies became faster (Table 2, Figure 3(B)). This effect was not significantly different in the earned group.

Table 1. Demographic and session-level variables.

Expt 1a:	Cash	Voucher	
Demographic variables			
N	30	31	
Age	48 (21–79)	44 (20–71)	W = 384.5, r = 0.07, p = .58
Gender	12 male, 18 female	18 male, 13 female	$\chi_2(1)$ = 1.33, p = .25
PGSI	1 (0–6)	1 (0–4)	W = 424.5, r = 0.09, p = .55
Slot spend per month ($)	45 (0.5–500)	30 (1.6–400)	W = 490.5, r = 0.05, p = .72
Session-level variables			
Mean bet size (cents)	30.53 (1.41–102.23)	30.46 (1.83–102.23)	W = 502, r = .10, p = .45
Total bet (session) ($)	52.75 (1.00–270.60)	54.37 (0.73–151.50)	W 436, r = .026, p = .84
Final balance ($)	26.24 (0–156.78)	14.50 (0–51.38)	W = 569.5, r = .23, p = .077
Total bet by 5 minutes ($)	17.00 (0.61–44.70)	14.56 (0.45–63.80)	W = 461, r = 0.020, p = .88
Expt 1 b:	**Windfall**	**Earned**	
Demographic variables			
N	28	20	
Age	42 (19 − 81)	53.5 (19–54)	W = 249, r = .066, p = .66
Gender	11 male, 16 female, 1 other	8 male, 12 female	$\chi_2(2)$ = .732, p = .69
PGSI	2 (0–6)	1.5 (0 − 6)	W = 331.5, r = .16, p = .28
Slot spend per month ($)*	50 (0–1000)	100 (2–500)	W = 257.5, r = .07, p = .64
Session-level variables			
Mean bet size (cents)	40.00 (4.89–117.66)	40.00 (3.52–188)	W = 258.5, r = .037, p = .80
Total bet (session) ($)	49.13 (4.39–208.69)	47.76(9.79–166.17)	W = 242, r = .016, p = .92
Final balance ($)	27.37 (0–100.35)	30.00 (0–104.83)	W = 236, r = .035, p = .82
Total bet by 5 minutes ($)	18.40 (1.45–47.27)	12.56 (1.27–47.00)	W = 285, r = .12, p = .42

Continuous data violated the assumption of normality, so summary statistics are median and range, and Wilcoxon rank-sum tests were used to test for group differences. Three participants in experiment 1a and one participant in experiment 1 b did not provide their age, and so are excluded from the age analysis. For the session-level variables, we excluded participants who had accidentally cashed out (two participants in experiment 1 b) and participants who chose to stop gambling prior to the light flashing (one participant from each experiment). PGSI: problem gambling severity index; $: Canadian dollar.

Table 2. Predictors of interest in the models of spin initiation latency.

	Beta	95% CI	p Value
After a loss			
Exp1a: Cash vs credit			
Log loss streak $_{(CASH)}$	−0.056	−0.072, −0.039	**<.001**
Log loss streak * group	0.043	0.019, 0.068	**<.001**
Log loss streak $_{(CREDIT)}$	−0.012	−0.031, 0.0062	.19
Machine balance ($)$_{(CASH)}$	0.00013	−0.00021, 0.0018	.9
Machine balance ($)* group	0.0018	−0.00075, 0.0044	.165
Exp1b: Windfall vs earned			
Log loss streak $_{(WINDFALL)}$	−0.020	−0.037, −0.0020	**<.05**
Log loss streak * group	−0.0055	−0.032, 0.021	.676
Machine balance ($)$_{(WINDFALL)}$	−0.0031	−0.0046, −0.0015	**<.001**
Machine balance ($)* group	0.0072	0.0049, 0.0096	**<.001**
Machine balance ($)$_{(EARNED)}$	0.0041	0.0023, 0.0059	**<.001**
After a win			
Exp1a: Cash vs credit			
Log win size	0.10	0.074, 0.13	**<.001**
Log win size * group	0.0072	−0.030, 0.044	.699
Exp1b: Windfall vs earned			
Log win size$_{(WINDFALL)}$	0.16	0.13, 0.18	**<.001**
Log win size * group	−0.094	−0.13, −0.058	**<.001**
Log win size$_{(EARNED)}$	0.062	0.036, 0.089	**<.001**

Subscript text indicates in which group the effect is measured in (group 0). For predictors that are significantly modulated by group ($p < .05$), the model was repeated with the group order reversed, to measure the effect in group 1. Bold text indicates significant predictors. CI: confidence interval. See supplemental materials for full models, including regressors of no-interest.

Machine balance

In Experiment 1, we did not observe any effects of Machine Balance on the spin initiation latencies (Table 2, Figure 3(C)). In Experiment 2, we observed a significant negative effect of Machine Balance in the windfall group. As Machine Balance increased, the spin initiation latencies became faster. This effect was significantly modulated by group, and in the earned group, as Machine Balance increased, spin initiation latencies became slower (Table 2, Figure 3(D)).

Win size

In Experiment 1, we observed a significant effect of win size on spin initiation latency. In the cash group, as the size of a previous win increased, the spin initiation latencies became slower (Table 2, Figure 3(E)), in line with a post-reinforcement pause effect. This effect did not differ across groups. In Experiment 2, we observed a significant effect of win size in the windfall group, again observing slower spin initiation latencies as the size of the win increased (Table 2, Figure 3(F)). This effect was attenuated (indicated by a significant win size by group interaction), but was still significant, in the earned group.

Models with bet size as the dependent variable

Loss streak length

In Experiment 1, we observed a significant effect of loss streak length on the bet size (Table 3, Figure 4(A)). In the cash group, as a losing streak increased, the probability of placing a high bet decreased. This effect did not differ significantly in the voucher group. In Experiment 2, the predictor for loss streak length was not significant (Table 3, Figure 4(B)).

Machine balance

In Experiment 1, we observed a significant effect of Machine Balance on the bet size (Table 3, Figure 4(C)). In the cash

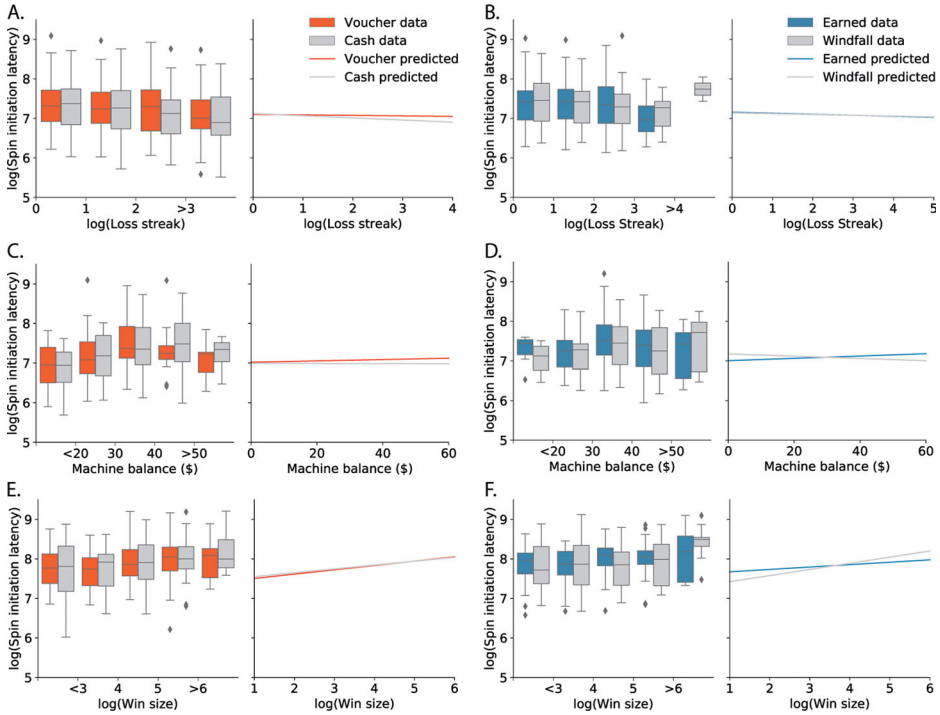

Figure 3. Observed and predicted data for the spin initiation latency models. Observed data shown using Tukey boxplots. Spin initiation latency as a function of machine balance in experiment 1a (A) and experiment 1 b (B). Spin initiation latency as a function of loss streak length in experiment 1a (C) and experiment 1 b (D). Spin initiation latency as a function of the size of a win in experiment 1a (E) and experiment 1 b (F).

Table 3. Predictors of interest in the next bet models.

	OR	95% CI	p value
After a loss			
Exp1a: Cash vs credit			
Log loss streak$_{(CASH)}$	**0.92**	**0.90, 0.94**	**<.001**
Log loss streak* group	1.06	0.94, 1.19	.326
Machine balance ($)$_{(CASH)}$	**1.04**	**1.03, 1.05**	**<.001**
Machine balance ($) * group	1.00	0.98, 1.01	.504
Exp1b: Windfall vs earned			
Log loss streak $_{(WINDFALL)}$	0.95	0.86, 1.05	.319
Log loss streak* group	1.07	0.92, 1.25	.373
Machine balance ($) $_{(WINDFALL)}$	1.00	0.99, 1.01	.836
Machine balance ($) * group	1.00	0.98, 1.00	.788
After a win			
Exp1a: Cash vs credit			
Log win size$_{(CASH)}$	**1.70**	**1.36, 2.12**	**<.001**
Log win size * group	0.88	0.64, 1.21	.430
Exp1b: Windfall vs earned			
Log win size$_{(WINDFALL)}$	**1.26**	**1.03, 1.54**	**<.05**
Log win size * group	1.01	0.74, 1.38	.928

Subscript text indicates in which group the effect is measured in (group 0). CI: confidence interval; OR: odds ratio. See supplemental materials for full models, including regressors of no-interest.

group, as Machine Balance increased, the probability of placing a high bet increased. This effect did not differ significantly in the voucher group. In Experiment 2, the predictor for Machine Balance was not significant (Table 3, Figure 4(D)).

Win size

In Experiment 1, we observed a significant effect of the amount won on the size of the next bet (Table 3, Figure 4(E)). In the cash group, as win size increased, the probability of placing a high bet increased. This effect was not modulated by group. In Experiment 2, we observed the same effect in the voucher group: as win size increased, the probability of placing a high bet increased (Table 3, Figure 4(F)) and again, this effect was not modulated by group.

Discussion

Across two experiments, we examined the impact of monetary manipulations in participants who were experienced slot machine gamblers, using an authentic slot machine housed in a laboratory environment. In Experiment 1, we manipulated the mode of payment, by comparing cash and voucher conditions. In Experiment 2, we manipulated how the money was acquired, by comparing earned and windfall conditions. We did not find evidence to support our predictions, inspired by the 'pain of paying' hypothesis, that monetary factors would influence session-level gambling intensity. Neither measures of average bet size nor overall bet volume differed significantly by mode of payment (Experiment 1) or how the money was acquired (Experiment 2).

Due to the variability that is inherent to using real EGMs, our trial-level analysis tested for effects of monetary condition in the context of several game-level factors. This was, effectively, a more sensitive 'manipulation check' of gambling in our laboratory environment. These analyses indicated systematic effects on bet amount and speed of play, as a function of losing streak length and the size of a previous win. In discussing these analyses, we emphasize effects that were consistent across the cash condition (Experiment 1) and the windfall condition (Experiment 2), as largely comparable conditions. Machine balance, a third

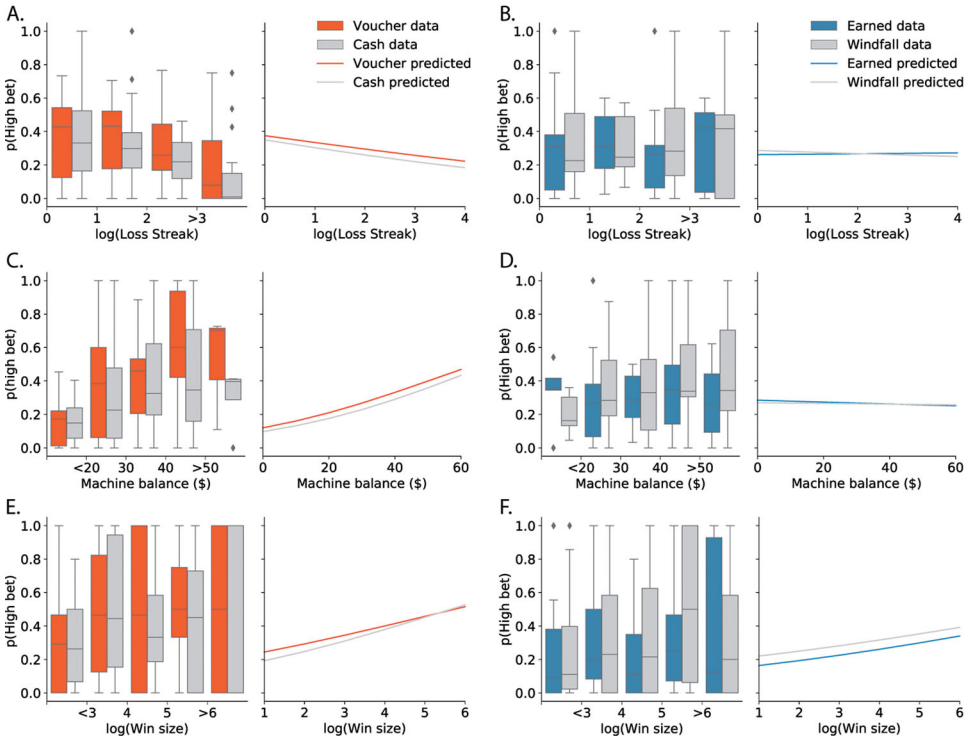

Figure 4. Observed and predicted data for the next bet size models. Observed data shown using Tukey boxplots. Probability of the next bet being higher than the participants median bet as a function of machine balance in experiment 1a (A) and experiment 1 b (B). Probability of the next bet being higher than the participants median bet as a function of loss streak length in experiment 1a (C) and experiment 1 b (D). Probability of the next bet being higher than the participants median bet as a function of the size of a win in experiment 1a (E) and experiment 1 b (F).

game-level predictor, did not exert consistent effects from this perspective. On speed of play, we observed a significant effect of losing streak length on spin initiation latencies: participants initiated their next bet more quickly as the number of sequential losses increased. This loss-induced impulsivity was previously observed on the trial immediately following a loss (Verbruggen et al. 2017; Eben et al. 2020) and our data extend this effect, showing that this speeding accumulates over a sequence of losses. This effect may constitute an over-looked expression of loss chasing, whereby gamblers respond in a faster and more uncontrolled way on losing streaks (Zhang and Clark 2020).

In the win models, the magnitude of wins also exerted a reliable effect on both the initiation speed and the size of the next bet. As win magnitude increased, the spin initiation latencies slowed. Prior work has shown that this 'post-reinforcement pause' scales with win magnitude in gamblers playing a simulated slot machine game (Dixon et al. 2013; 2014; 2019). Our data extend these findings, showing the high sensitivity of this variable to reward value during authentic slot machine use. The corresponding effect on the size of the next bet could be interpreted as a house money effect (Thaler and Johnson 1990) or in terms of an availability heuristic (Croson and Sundali 2005), that the prospect of further wins is easily brought to mind, encouraging a high wager. This effect also accumulates with winning streak length in a recent analysis of baccarat gambling (Abe et al. 2021). The collective results of the trial-level analyses demonstrate the sensitivity of our dependent variables and modeling approach for investigating slot machine behavior in the laboratory environment. Although participants were not playing with their own money in a real casino, the trial-level predictors are psychologically plausible, and reproducible across the cash and windfall groups in the two experiments.

The trial-level analyses identified some statistically significant interactions between the game-level predictors and our monetary conditions. In Experiment 1, the effect of losing streak length on spin initiation latency in the cash group was abolished in the voucher group. This is to say, the voucher group did not show the accumulative speeding effect on a sequence of losses. In Experiment 2, the effect of win magnitude to lengthen the spin initiation latency (i.e. the post-reinforcement pause effect) was attenuated in the earned group. In both cases, these interactions were not robust across the two experiments. Without *a priori* hypotheses linking the game-level predictors to the pain of paying framework, we are cautious about the interpretation of these effects. We also acknowledge that by analyzing Experiments 1 and 2 separately, we have not statistically compared these terms. Future research may consider looking to replicate these preliminary effects using pre-registered designs.

In Experiment 1, we observed two further effects on bet size in the cash group that were not replicated in the windfall group of Experiment 2. In the cash group, bet size decreased as a function of losing streak length. Losing streak length also represents an increasing distance from the gambler's last win; this could elicit either pessimism or optimism (via a gambler's fallacy effect) about one's chances of winning. The reduced bet size implies the former, in line with a

'cold-hand' effect (Croson and Sundali 2005). Bet size also increased as a function of Machine Balance in Experiment 1: gamblers tended to bet higher when they were more 'in the black', and this supports the 'house-money' effect that was also seen for the win magnitude predictor across both experiments. For the analyses of machine balance, the negative expectancy of the slot machine dictated that most participants spent much of their sessions below their starting balance ('in the red'). This range restriction, alongside the smaller sample size in Experiment 2, may have compromised our ability to test (and confirm) the Machine Balance effect in Experiment 2.

Methodological considerations

One interpretation of the lack of evidence for monetary effects in our session-level analyses is clearly that changes in monetary format are not associated with changes in risky or uncontrolled gambling. This account may appeal to stakeholder groups keen to promote the adoption of digital payment methods. The traditional forms of evidence for 'pain of paying' observed in consumer research ten years ago may also have attenuated, as the population adapts to cashless alternatives. Our own view is that our findings also highlight the methodological challenges with manipulating monetary factors in the laboratory, especially in the context of endowed funds (Gainsbury and Blaszczynski 2011). Although our participants were experienced gamblers, they were not playing with their own money. Our procedure included a number of elements intended to reinforce our monetary manipulations (e.g. a realistic in-house 'voucher', and asking participants to count and hold the bills), but it is possible that these features were unsuccessful. If participants continued to construe the endowment as a windfall across all conditions, any 'pain of paying' effects may be negligible. Similarly, our earning manipulation in Expt 2 was contrived in so far as it was an unavoidable component of our procedure; participants could not decide to 'not work' (other than by withdrawing from the study), nor can we be sure our earning task successfully fostered a sense of ownership. Clearly, reimbursement procedures carry ethical considerations that are especially important in gambling research (Cantinotti et al. 2016), but we suggest there is nonetheless scope for methodological refinement here, such as borrowing procedures from behavioral economics (Erkal et al. 2011; Rüdisser et al. 2017) or examining windfalls during the gambling game itself (Rockloff et al. 2020).

In our experiments, the sensitivity of our designs was also affected by the variability associated with using authentic slot machines. While the games afford ecological validity, the outcome sequence cannot be controlled, and we see substantial within-condition variability in profit/loss (machine balance) and the ensuing subjective experience of our participants (e.g. elation, frustration). This variability was further amplified by our decision to allow participants to vary their bets, which we took in order to derive more direct measures of risk-taking (see Supplementary S2). In future studies, the use of realistic simulators to present a controlled sequence could reduce this variability, although it is impossible to fully eliminate some outcome variability if participants are allowed to vary their betting strategies.

Our findings should be considered in light of a number of further strengths and weaknesses. First, although we pre-registered the hypotheses for Experiment 2, behavioral data from authentic slot machines are complex, and some deviations were necessary from the pre-registered plan (see Supplementary S4). With the richness of the data, precise operationalization of behavioral variables is key: alternative session-level variables may have shown greater sensitivity to monetary factors. In our trial-level analyses, bet size was a binary variable centered on each participant's average bet, but this variable did not distinguish changes in line style and bet multiplier strategy, which exert somewhat distinct effects on the reinforcement profile (Barr and Durbach 2008). Second, our decision to recruit experienced gamblers traded off against reasonably small group sizes. Although many of our participants scored in the 'at risk' range on the PGSI, from our decision to exclude participants scoring 8 or higher, it is possible that our monetary manipulations may exert stronger effects in those with gambling problems. We did not test for moderating effects of PGSI or age, which would be worthwhile in larger samples. We did not collect data on income or socioeconomic status, which could moderate the impact of financial factors and 'wealth shocks'. Lastly, some minor procedural differences existed between Experiments 1 and 2; for example, the slot machine cash/credit display in Experiment 1 was congruent with the cash/voucher condition, but was not systematically controlled in Experiment 2, which could have contributed to some inconsistent findings between the two studies.

Collectively, these findings highlight the challenges that face policy-oriented research on the impact of monetary formats on gambling behavior. Despite our design gaining external validity from the use of both authentic gambling products and experienced slot machine gamblers (the 'real gamblers, real games' requirement for evaluations of responsible gambling tools by Ladouceur et al. 2017), there are methodological barriers to examining the psychological impacts of financial factors in the laboratory. Given jurisdictional differences in EGM specifications and the logistical challenges with community-based recruitment, future research could benefit from pooling data collection across multiple labs. Improved access to field data (e.g. gambling operators) will also aid policy-related decisions around cashless gambling. Although constraints also apply in the field – for example, there is no 'cash' option on a gambling website – better understanding of financial influences on gambling will likely require convergent data including both controlled laboratory designs and ecologically-valid field research.

Disclosure statement

EHLO works as a postdoctoral fellow at the Center for Gambling Research at UBC which is supported by funding from the Province of British Columbia and the British Columbia Lottery Corporation (BCLC), a Canadian Crown Corporation. She has received a speaker honorarium from the Massachusetts Council on Compulsive Gambling

(U.S.A.) and accepted travel/accommodation for speaking engagements from the National Council for Responsible Gambling (U.S.A.), the International Multidisciplinary Symposium on Gambling Addiction (Switzerland) and the Responsible Gambling Council (Canada). She has not received any further direct or indirect payments from the gambling industry or groups substantially funded by gambling. LC is the Director of the Center for Gambling Research at UBC, which is supported by funding from the Province of British Columbia and the British Columbia Lottery Corporation (BCLC), a Canadian Crown Corporation. LC has received a speaker/travel honorarium from the National Association for Gambling Studies (Australia) and the National Center for Responsible Gaming (US), and has received fees for academic services from the National Center for Responsible Gaming (US), GambleAware (UK) and Gambling Research Exchange Ontario (Canada). He has not received any further direct or indirect payments from the gambling industry or groups substantially funded by gambling. He has received royalties from Cambridge Cognition Ltd. relating to neurocognitive testing. Ke Zhang holds the Graduate Fellowship in Gambling Research, a fellowship supported by the British Columbia Lottery Corporation and adjudicated by the UBC Faculty of Arts. Mario Ferrari and Ke Zhang both disclose receiving a speaker honorarium from the British Columbia Lottery Corporation (BCLC). CC, NC, KM report no disclosures.

Funding

This study was funded by a Discovery Award to LC from the Natural Sciences and Engineering Research Council of Canada [RGPIN-2017-04069], and the core funding of the Centre for Gambling Research at UBC, which is supported by the Province of British Columbia government and the British Columbia Lottery Corporation (BCLC; a Canadian Crown Corporation). The slot machines used in the present study are loaned to the Centre by the BCLC, and we thank BCLC for their support with regard to occasional maintenance of these machines.

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Rule Petition to Amend
WAC 230-11-075 Limit number of guests for members-only raffles.
WAC 230-11-085 Modified and discounted pricing plans for tickets for members-only raffles.
WAC 230-11-086 Discounted pricing plans for tickets to members-only raffles.
WAC 230-11-087 Other pricing plans for members-only raffles.
WAC 230-11-105 Retain and store raffle records.

SEPTEMBER 2023 – Commission Review
JULY 2023 – Rule-Making Petition Received

Tab 6: SEPTEMBER 2023 Commission Meeting	**Statutory Authority 9.46.070**

Who Proposed the Rule Change?

Alex Baier, on behalf of Rocky Mountain Elk Foundation, Olympia, WA
Tiffany Brace, on behalf of Nonprofit Association of Washington, Seattle, WA
Keely Hopkins, on behalf of Congressional Sportsmen's Foundation, Vancouver, WA
Matt Little, on behalf of Ducks Unlimited, Vancouver, WA
Nello Picinich, on behalf of Coastal Conservation Association, Vancouver, WA

Background

Several nonprofits operating in Washington state have proposed multiple amendments to rules related to nonprofits and raffles. We have split the petition into three separate rules packages: 1) the suggested amendments on which the Commission may want to initiate rulemaking; 2) the suggested amendments on which the Commission may want to deny petitioners' request; and 3) the suggested amendment that staff believes is a policy question on which the Commissioners should decide. This rules package is the **first part of the package** and is explained as:

1) To keep up with inflation, petitioners request that, in WAC 230-11-085, the $10 maximum on the price of a single ticket and $25 maximum on the price of a discounted package of tickets be raised to $25 and $100, respectively, and that appropriate changes be made to WAC 230-11-086 and WAC 230-11-087.
2) To ease the burden of record-keeping, petitioners would like a reduction to one year for the requirements to hold onto records for three years from the end of the licensee's fiscal year in WAC 230-11-105.
3) Allowing more guests to participate in a member-only raffle – Currently, WAC 230-11-075 states that guests must not exceed 25 percent of total attendance, which petitioners would like raised to 50 percent.

Attachments:

- Petition – Updated September 12, 2023
- Original Petition – July 20, 2023

Policy Considerations

Staff believes that the petitioners' ideas for changes are worthy of consideration.

1) WAC 230-11-085 sets the maximum prices for a single ticket and a discounted package of tickets at $10 and $25, respectively. Increasing these price limits to $25 and $100, respectively, does not raise any regulatory concerns with commission staff. The maximum ticket price in 1995 was $5.00. It was raised to $25 in 2009. Any change to WAC 230-11-085 may necessitate changes to WAC 230-11-086 and WAC 230-11-087, which also limit maximum prices to $10 and $25 for individual and packaged tickets.
2) The three-year record retention requirements in WAC 230-11-105 are connected to WAC 230-11-100, which requires licensees conducting raffles with gross gambling receipts of more than $50,000 in a year to keep all winning tickets, all ticket stubs for raffles where participants were not required to be present, and all unsold tickets for individual raffles with gross gambling receipts of more than $5,000. Commission staff understands the storage burden this requirement might place on some organizations conducting many raffles, but also believes that these items are necessary to check in the event of a complaint. Nonetheless, it might be possible to maintain a three-year retention requirement for some items but allow for destruction or disposal of the bulkier items after only a year.
3) WAC 230-11-075 defines the limit on the number of guests for a members-only raffle, currently set at 25 percent. Increasing the number of guests attending the event to 50 percent does not pose any regulatory concerns for staff.

Staff Recommendation

Staff recommends initiating rule-making proceedings for further discussion.

McLean, Lisa (GMB)

From: Matt Little <mlittle@ducks.org>
Sent: Tuesday, September 12, 2023 11:21 AM
To: McLean, Lisa (GMB); tiffany@nonprofitwa.org; abaier@rmef.org; eric.demers@pediatrix.com; Kirk A. Struble; nello.picinich@ccawashington.org; Keely Hopkins; Laura Pierce
Cc: Nicks, Jim (GMB); Melville, Jim (GMB); McGregor, Bill (GMB)
Subject: RE: Follow up on June 29 Meeting

External Email

Yes, thank you Lisa. As we discussed on the phone, it sounds like updating all three of those WACs re: ticket pricing would make the most sense. Thank you for catching that and see you on Thursday.

Best,
Matt

Matt Little
Director of DU Public Policy, Western Region
11805 NE 99th Street, Suite 1300
Vancouver, WA 98682
mlittle@ducks.org
(541) 678-2322

Sign-up to become a #DuckPolicy Insider

From: McLean, Lisa (GMB) <lisa.mclean@wsgc.wa.gov>
Sent: Tuesday, September 12, 2023 11:10 AM
To: Matt Little <mlittle@ducks.org>; tiffany@nonprofitwa.org; abaier@rmef.org; eric.demers@pediatrix.com; Kirk A. Struble <kstruble@ducks.org>; nello.picinich@ccawashington.org; Keely Hopkins <khopkins@congressionalsportsmen.org>; Laura Pierce <laura@nonprofitwa.org>
Cc: Nicks, Jim (GMB) <jim.nicks@wsgc.wa.gov>; Melville, Jim (GMB) <jim.melville@wsgc.wa.gov>; McGregor, Bill (GMB) <bill.mcgregor@wsgc.wa.gov>
Subject: RE: Follow up on June 29 Meeting

CAUTION: - This email originated outside of Ducks Unlimited.

Hi Matt –
Based on our telephone conversation yesterday, your request to change WAC 230-11-085, raising the ticket price limits from $10 for individual tickets and $25 for a discounted package of tickets to $25 and $100, respectively, may have impacts on WAC 230-11-086 and WAC 230-11-087. Are you wanting to amend your petition to include these additional WACs?

If so, please respond affirmatively to this email so that staff can amend its summary to the Commissioners.
Thanks,
Lisa

Lisa C McLean
Legislative and Policy Manager
Washington State Gambling Commission
P.O. Box 42400
Olympia, WA 98504
Office: (360) 486-3454
Cell: (360) 878-1903
lisa.mclean@wsgc.wa.gov

From: Matt Little <mlittle@ducks.org>
Sent: Thursday, July 20, 2023 12:21 PM
To: McLean, Lisa (GMB) <lisa.mclean@wsgc.wa.gov>; tiffany@nonprofitwa.org; abaier@rmef.org; eric.demers@pediatrix.com; Kirk A. Struble <kstruble@ducks.org>; nello.picinich@ccawashington.org; Keely Hopkins <khopkins@congressionalsportsmen.org>; Laura Pierce <laura@nonprofitwa.org>
Cc: Nicks, Jim (GMB) <jim.nicks@wsgc.wa.gov>; Melville, Jim (GMB) <jim.melville@wsgc.wa.gov>; McGregor, Bill (GMB) <bill.mcgregor@wsgc.wa.gov>
Subject: RE: Follow up on June 29 Meeting

External Email

Hi friends,

Our request is for the Washington State Gambling Commission to consider changes to the rules for charitable nonprofit fundraising as we discussed at the last meeting and are summarized in the attached document. We were very pleased with the conversation we had with Bill and your team and it sounded like many of our requests would have a favorable hearing in front of the Commission.

We don't believe our groups, which only represent a subset of the nonprofits affected by these rules, need a training unless you think that will help us collectively determine which rule requests we can bring to the next Commission meeting.

Please advise and thank you for your time and consideration.

Best,
Matt

Matt Little

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Vancouver, WA 98682
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Sign-up to become a #DuckPolicy Insider

From: McLean, Lisa (GMB) <lisa.mclean@wsgc.wa.gov>
Sent: Friday, July 14, 2023 11:36 AM
To: Matt Little <mlittle@ducks.org>; tiffany@nonprofitwa.org; abaier@rmef.org; eric.demers@pediatrix.com; Kirk A. Struble <kstruble@ducks.org>; nello.picinich@ccawashington.org; Keely Hopkins <khopkins@congressionalsportsmen.org>
Cc: Nicks, Jim (GMB) <jim.nicks@wsgc.wa.gov>; Melville, Jim (GMB) <jim.melville@wsgc.wa.gov>; McGregor, Bill (GMB) <bill.mcgregor@wsgc.wa.gov>
Subject: RE: Follow up on June 29 Meeting

Oops, I wrote Alex's email wrong and don't want him to get left off the email string should someone "reply all"…

Lisa C McLean
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lisa.mclean@wsgc.wa.gov

From: McLean, Lisa (GMB)
Sent: Friday, July 14, 2023 11:34 AM
To: Matt Little <mlittle@ducks.org>; tiffany@nonprofitwa.org; abaier@remef.org; eric.demers@pediatrix.com; kstruble@ducks.org; nello.picinich@ccawashington.org; Keely Hopkins <khopkins@congressionalsportsmen.org>
Cc: Nicks, Jim (GMB) <jim.nicks@wsgc.wa.gov>; Melville, Jim (GMB) <jim.melville@wsgc.wa.gov>; McGregor, Bill (GMB) <bill.mcgregor@wsgc.wa.gov>
Subject: Follow up on June 29 Meeting

Hi all –

To follow up on our meeting at the end of June, WSGC Special Agent Supervisor Bill McGregor remains open to organizing an advanced training for you and your colleagues. To organize that training, it would be most helpful for him to receive a written list of concerns from you all so that he can research the background of certain rules and be prepared to give you information about the context of the rule and how to apply it.

I will drop out of this conversation and suggest that you connect directly with Bill (with a cc to Agent in Charge (Regulation) Jim Nicks and Special Agent (Regulation) Jim Melville) so that he can begin working on the training.

With best regards,
Lisa

Lisa C McLean
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Cc: Nicks, Jim (GMB); Melville, Jim (GMB); McGregor, Bill (GMB)
Subject: RE: Follow up on June 29 Meeting
Attachments: WA Gambling Commission rule requests for nonprofits.pdf

External Email

Hi friends,

Our request is for the Washington State Gambling Commission to consider changes to the rules for charitable nonprofit fundraising as we discussed at the last meeting and are summarized in the attached document. We were very pleased with the conversation we had with Bill and your team and it sounded like many of our requests would have a favorable hearing in front of the Commission.

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Washington nonprofit rules request changes for WA Gambling Commission

July 2023

KEEPING UP WITH INFLATION

WAC 230-11-100

(1) Licensees conducting raffles with gross gambling receipts of fifty thousand dollars or less in their previous license year and organizations conducting unlicensed raffles under the authority of RCW 9.46.0315 or 9.46.0321 must keep a record by month of the following:

(a) Gross receipts; and
(b) Prizes paid; and
(c) Net income; and
(d) Documentation of expenses; and
(e) Documentation of how the proceeds were used.

(2) Licensees conducting raffles with gross gambling receipts over fifty thousand dollars in their initial license year, with gross gambling receipts over fifty thousand dollars in their previous license year, offering prizes that require approval per WAC 230-11-067, or conducting raffles using alternative drawing formats must prepare a detailed record for each raffle they conduct. Licensees must:

(a) Record all data required in the standard format we provide; and
(b) Maintain the following:
(i) Validated deposit receipts for each deposit of raffle proceeds; and
(ii) All winning tickets; and
(iii) Name, address, and telephone number of all winners of a prize with a fair market value of more than fifty dollars; and
(iv) All ticket stubs for raffles that participants are not required to be present at the drawing; and
(v) All unsold tickets for individual raffles for which gross gambling receipts exceed five thousand dollars; and
(vi) Invoices and other documentation recording the purchase or receipt of prizes; and
(vii) Invoices and other documentation recording the purchase of tickets and other expenses of the raffle; and
(c) Complete all records no later than thirty days following the drawing."

Requests:

- Adjust dollar amounts upward to fully account for inflation since time of inception and/or include an annual or periodic increase to adjust for inflation
- Adjust Section 1(b)(iii) from $50 to $600 to align with IRS requirements
- Eliminate Section 2(b)(iv)

WAC 230-11-067:

Requesting commission approval prior to offering raffle prizes exceeding forty thousand dollars per prize or three hundred thousand dollars in a license year.

Requests:

- As above, can we adjust these dollar figures to account for inflation since inception?
    - If unable to justify a full adjustment for inflation, perhaps consider $80,000 and $500,00 respectively

WAC 230-11-085:

(1) Licensees may use modified ticket pricing plans at members-only raffles when gross revenues do not exceed five thousand five dollars. One type of modified pricing plan is a penny raffle. A penny raffle is a raffle where licensees sell five hundred consecutively numbered tickets. Participants randomly choose tickets and pay the consecutive number of the ticket multiplied by a predetermined cost, for instance, one penny.
(2) In modified pricing plans, licensees may sell tickets to enter a raffle for different values, not to exceed ten dollars for a single ticket, if the licensee:

(a) Discloses to the participants the pricing plan before selling them a ticket to participate. The licensee must disclose to the participant the total number of tickets in the population available and the number of tickets at each price level; and
(b) Allows participants to randomly select their ticket from the population of remaining tickets and pay the amount printed on the ticket they select; and
(c) Establishes records for an adequate audit trail to determine gross gambling receipts; and
(d) Holds no more than two such drawings during a meeting or event; and
(e) Sells multiple tickets to enter one or more drawings as a package and the total price of the package must not exceed twenty-five dollars.

Request:

- As above, increase maximum price for single ticket from $10 to $25 (section 2) and the maximum price of a package of tickets from $25 to $100 (section 2(e)). This would serve to both help maximum ticket prices keep up with inflation as well as allowing better and more valuable prizes to be used in such raffles.

WAC 230-11-014:
(1) Raffle tickets must not be sold for more than one hundred dollars each; and
(2) Enhanced raffle tickets must not be sold for more than two hundred fifty dollars each.

Request:

- As above, increase to $250 and allow for inflation annually/periodically.

EASING RECORD KEEPING BURDEN

WAC 230-07-130
(1) Charitable or nonprofit licensees, except agricultural fairs, must maintain records which clearly show how the licensee used or disbursed the funds from each licensed activity. These records must provide an audit trail satisfactory for us to verify that the funds were used for the licensees' stated purpose(s). These records must include, at least, canceled checks for the disbursements. (2) Charitable or nonprofit licensees must keep these records for three years from the end of the license year for which the record was created.

WAC 230-11-105
(1) Records for unlicensed raffles must be kept for one year following the date of the raffle drawing.
(2) Records for licensed raffles must be kept for three years from the end of the licensees' fiscal year in which the raffle was completed.

Request:

- Change record-keeping from 3 years to 1

WAC 230-11-100

*(2) Licensees conducting raffles with gross gambling receipts over fifty thousand dollars in their initial license year, with gross gambling receipts over fifty thousand dollars in their previous license year, offering prizes that require approval per WAC **230-11-067**, or conducting raffles using alternative drawing formats must prepare a detailed record for each raffle they conduct. Licensees must:*
(a) Record all data required in the standard format we provide; and
(b) Maintain the following:
(i) Validated deposit receipts for each deposit of raffle proceeds; and
(ii) All winning tickets; and
(iii) Name, address, and telephone number of all winners of a prize with a fair market value of more than fifty dollars; and
(iv) All ticket stubs for raffles that participants are not required to be present at the drawing; and
(v) All unsold tickets for individual raffles for which gross gambling receipts exceed five thousand dollars; and
(vi) Invoices and other documentation recording the purchase or receipt of prizes; and
(vii) Invoices and other documentation recording the purchase of tickets and other expenses of the raffle; and
(c) Complete all records no later than thirty days following the drawing.

Request:

- Keep only winning tickets

WAC 230-11-100

*(2) Licensees conducting raffles with gross gambling receipts over fifty thousand dollars in their initial license year, with gross gambling receipts over fifty thousand dollars in their previous license year, offering prizes that require approval per WAC **230-11-067**, or conducting raffles using alternative drawing formats must prepare a detailed record for each raffle they conduct. Licensees must:*

(a) Record all data required in the standard format we provide; and
(b) Maintain the following:
(i) Validated deposit receipts for each deposit of raffle proceeds; and
(ii) All winning tickets; and
(iii) Name, address, and telephone number of all winners of a prize with a fair market value of more than fifty dollars; and
(iv) All ticket stubs for raffles that participants are not required to be present at the drawing; and
(v) All unsold tickets for individual raffles for which gross gambling receipts exceed five thousand dollars; and
(vi) Invoices and other documentation recording the purchase or receipt of prizes; and
(vii) Invoices and other documentation recording the purchase of tickets and other expenses of the raffle; and
(c) Complete all records no later than thirty days following the drawing.

Request:

- Allow quarterly record-keeping/report by amend section 2(c) from, "...no later than thirty days following the drawing," to, "no later than thirty days following the quarter in which the drawing took place." This better aligns the record keeping requirement with the required quarterly report filings.

MEMBERS-ONLY RAFFLES ALLOWING FOR SPOUSES/GUESTS

WAC 230-11-075:

The total number of guests participating in a raffle must not exceed twenty-five percent of the total attendance of the meeting. The organization must maintain records to show compliance with this requirement.

Request:

- Increase cap on guests from 25% to 50% to allow for spouses/partners/guests participating in members only raffles.

CREDIT CARD TRANSACTIONS AT END OF EVENT

WAC 230-06-035:

(1) Licensees, employees, or members must not offer or give credit, loans, or gifts to any person playing in an authorized gambling activity or which makes it possible for any person to play in an authorized gambling activity.
(2) Gifts are items licensees give to their customers. Licensees must not connect these gifts to gambling activities we regulate unless the gifts are:
(a) Gambling promotions; or
(b) Transportation services to and from gambling activities; or
(c) Free or discounted food, drink, or merchandise which:
(i) Costs less than $500 per individual item; and
(ii) Must not be traded back to you for cash; and
(iii) Must not give a chance to participate further in an authorized gambling activity.
*(3) You must collect the price required to participate in the gambling activity in full **before** allowing someone to participate. Authorized payment methods include cash, check, gift certificate, gift card, or debit card.*
(4) If the price paid for the opportunity to play a punch board or pull-tab series is $10 or less, licensees may collect the price immediately after the play is completed.
(5) If a charitable or nonprofit organization has a regular billing system for all of the activities of its members, it may use its billing system in connection with the playing of any licensed activities as long as the organization limits play to full and active members of its organization.
(6) Charitable or nonprofit organizations may allow credit cards, issued by a state regulated or federally regulated financial institution, for payment to participate in raffles.

Request:

- Consider allowing for 1 credit/debit card transaction **at the end** of an event (i.e. for raffle tickets purchased during the event, as well as live and silent auction items). This would serve to both make conducting raffles during an event more streamlined and simple, as well as helping to ease the financial burden on non-profits in regards to credit card fees imposed by credit card companies.

RAFFLE TICKET SALES ASSOCIATES

WAC 230-11-035:
(1) Organizations must not pay members or volunteers for selling tickets or managing or operating a raffle, unless the person is a full-time or part-time employee of the organization with duties other than selling tickets or managing or operating raffles.
(2) Licensees may provide members or volunteers with noncash incentives for selling tickets if the licensee:
(a) Bases the incentives on the number of tickets sold; and
(b) Gives incentives that do not exceed five percent of the gross gambling receipts of the raffle; and
(c) Maintains a record of the name, address, and telephone number of all persons receiving incentives.

Requests:

- To comply with RCW and the WAC above, can we pay raffle ticket sales associates if they are paid via organizational revenue only, separate from raffle revenue (as we do for all our fundraising staff)
- Better define noncash incentives above or limit them only to organizational revenue, not from raffle proceeds

---

TECHNOLOGY – ALLOWING TELEPHONE PAYMENTS, PAYMENTS BY MAIL, AND YOUTH PARTICIPATION

(No WAC found, but these prohibitions below are listed **here** on page two under, "Selling tickets":

• Tickets must be paid for in full by cash, check, or credit card. No IOU's.

• Tickets cannot be sold over the Internet or telephone.

• Tickets and/or payment for tickets cannot be mailed.

• Individuals under 18 years of age may sell tickets, only if (WAC 230-06-010):

- Your organization's primary purpose is to develop youth; and
- At least three members of your organization, age 18 or older, supervise the raffle; and
- A member, 18 years or older, manages the raffle.

Requests:

- Consider allowing for ticket sales over the telephone (which is currently considered a "wire transfer"). Credit cards are already a permissible form of payment for raffle tickets for non-profits; taking a credit card payment over the phone is functionally the same as taking that same credit card payment face to face.
- Consider allowing for non-profits to be able to accept an order form for raffle tickets via mail, provided that physical tickets or ticket stubs are not sent via mail. This is already being permitted in WA in the case of both the WA Wild Sheep Foundation's Rocky Mountain Bighorn Sheep Raffle (info available on their website, washingtonwsf.org) as well as the "Buckrun Mule Deer Raffle Contest," the information about which and the order form for is available to the public in the Washington Big Game Hunting Regulations at the bottom of page 3. This particular ad/order form also states, "Buy 5 entries, get 1 free!," which

seems to also be out of compliance in regards to offering free tickets or offering discounted pricing plans for multiple ticket purchases.

- Allow college clubs or youth to sell tickets at their fundraising events if organizations have a charitable mission, not just to "develop youth"

TICKET BUNDLING AND DISCOUNT PLANS

WAC 230-11-025:

(1) Licensees may put tickets together in a bundle and sell them at a discount level if they:

(a) Create the discount levels before selling any raffle tickets; and

(b) Do not change the discount levels during the raffle; and

(c) Make single nondiscounted tickets available to all participants; and

(d) Use up to three discount levels for each raffle; and

(2) Booklets of bundled discounted tickets must contain the number of tickets named in the discount levels; and

(3) Licensees must not remove tickets from a booklet to sell them individually; and

(4) Each booklet of bundled tickets must have the following information printed on the cover:

(a) A description of the discount levels; and

(b) The number of tickets in the booklet; and

(c) The total cost of the booklet; and

(d) A consecutive number; and

(5) Licensees must establish controls and accounting procedures necessary to determine gross gambling receipts from ticket sale

Requests:

- Make establishing discount plans simpler by removing the pre-bundled booklet requirement or allow for bundled tickets to be broken out and sold individually at full price.
    - Raffles are a gambling activity and gamblers like to know their odds. If making odds known and available to the public, we cannot do discount plans because of the requirement of pre-bundling combined with the restriction of not being able to break out tickets from a bundle.
    - Extra tickets would have to be available if the goal is to sell say 100 tickets. We need to sell 100 to make our margin so can't simply set aside a portion of the tickets that are bundled to be part of the discount plan tickets in the hope that we can sell them all when there would be people who would want to buy at full price. The opposite is also true, we could sell out of all the pre-made bundles, have the discount plan advertised per raffle rules, and run into the situation where people refuse to buy a single ticket because we are refusing to sell the advertised bundle.

Rule Petition to Amend
WAC 230-06-035 Credit, loans, or gifts prohibited.
WAC 230-07-130 Additional recordkeeping for charitable or nonprofit licensees.
WAC 230-11-014 Maximum raffle ticket price.
WAC 230-11-025 Bundling and selling tickets at a discount.
WAC 230-11-035 Incentives for selling tickets.
WAC 230-11-100 Recordkeeping requirements for raffle licensees.

SEPTEMBER 2023 – Commission Review
JULY 2023 – Rule-Making Petition Received

Tab 7: SEPTEMBER 2023 Commission Meeting	**Statutory Authority 9.46.070**

Who Proposed the Rule Change?

Alex Baier, on behalf of Rocky Mountain Elk Foundation, Olympia, WA
Tiffany Brace, on behalf of Nonprofit Association of Washington, Seattle, WA
Keely Hopkins, on behalf of Congressional Sportsmen's Foundation, Vancouver, WA
Matt Little, on behalf of Ducks Unlimited, Vancouver, WA
Nello Picinich, on behalf of Coastal Conservation Association, Vancouver, WA

Background

Several nonprofits operating in Washington state have proposed multiple amendments to rules related to nonprofits and raffles. We have split the petition into three separate rules packages: 1) the suggested amendments on which the Commission may want to initiate rulemaking; 2) the suggested amendments on which the Commission may want to deny petitioners' request; and 3) the suggested amendment that staff believes is a policy question on which the Commissioners should decide. This rules package is **the second part of the package** and is explained as:

1) Keeping up with inflation
    a. Petitioners request the threshold in WAC 230-11-100 be increased so the additional record keeping commences at higher levels than the current $50,000.
    b. In the same WAC 230-11-100, petitioners would also like the prize threshold of $50 for maintaining details of winners to be raised to $600, which is the reporting limit for the IRS.
    c. They request that the $100 maximum on the price of raffle tickets in WAC 230-11-014 be raised to $250.
2) Easing the record-keeping burden
    a. In WAC 230-11-100, petitioners request that the requirement to hold onto all unsold tickets for individual raffles with gross gambling receipts of more than $5,000 be eliminated so that they only have to hold onto winning tickets.
    b. In that same WAC 230-11-100, petitioners also request that they be allowed to complete all record-keeping requirements by the end of the quarter, rather than within 30 days of the drawing.
    c. Petitioners would like a reduction to one year for the requirements to hold onto records for three years from the end of the license year in WAC 230-07-130.
3) Allowing credit card transactions at the end of the event – At nonprofit fundraising events, it is not uncommon for there to be multiple chances throughout the event to buy a raffle ticket. WAC 230-06-

035 requires collection of full payment before participation in an event. This requirement can be cumbersome if people are paying with credit card. Furthermore, for each transaction, the credit card company will charge a fee. The process could be streamlined, and financial burdens reduced if licensees were allowed to accept payment at the end of the event for all purchases made during the event.

4) Payment of raffle ticket sales associates – Petitioners would like to be able to pay raffle ticket sellers from organizational, not raffle ticket, revenue and would like the allowable noncash incentive mentioned in WAC 230-11-035 to be better defined.
5) Simplify the process for establishing discount plans – Petitioners request that, in WAC 230-11-025, the requirements to pre-bundle discount tickets and to not sell pre-bundled tickets individually at full price be eliminated.

Attachments:

- Petition

Policy Considerations

For some of the petitioners' request, the suggested changes run counter to RCW 9.46 and would require a legislative change. For other parts of the request, Commission staff has concerns that, if the changes were made, they would weaken staff's ability to audit the event and, generally, to exercise regulatory control.

1.a.) The $50,000 threshold for gross gambling receipts in the previous license year in WAC 230-11-100 that triggers more detailed record-keeping should be kept as is because $50,000 is a significant amount of money, necessitating greater scrutiny.

1.b.) The threshold of $50 value for a prize that triggers maintenance of name, address, and the telephone numbers of winners does not relate to any IRS requirement, but rather exists so that the Commission can contact winners and confirm that they received their prize.

1.c.) WAC 230-11-014 that establishes $100 as the maximum price for a raffle ticket comes from RCW 9.46.0277, which sets the maximum price at $100.

2.a.) The requirement in WAC 230-11-100 to hold onto all unsold and winning tickets for individual raffles with gross gambling receipts of more than $5,000 exists so that the raffle can be audited. Allowing organizers to dispose of unsold tickets will undermine that audit.

2.b.) Staff believes that the requirement in WAC 230-11-100 to complete all recordkeeping no later than 30 days following the drawing is a reasonable limit. Pull tab and punch board operators have a 15-day limit. Allowing an organization to have up to three months (per the petitioners' request) risks the chance that items will be unaccounted for or lost. Thirty days is good accounting practice.

2.c.) The requirement in WAC 230-07-130 to maintain records showing how the licensee used and disbursed funds from each licensed activity for three years from the end of the license year is a basic requirement for audit purposes, demanded not just by the Gambling Commission but also by other state and federal agencies to maintain charitable or nonprofit status.

3) WAC 230-06-035 requires the licensee to collect the price required to participate before the activity begins. The provision exists as a protection for the organizer to ensure that it gets the money up front.

Allowing credit card transactions might also lead to a co-mingling of funds from the raffle with other activities associated with the raffle (e.g., the cost of dinner or the purchase of a T-shirt).

4) WAC 230-11-035 prohibiting the payment of ticket sellers comes from RCW 9.46.0277.

5) The provisions in WAC 230-11-025 related to pre-bundling tickets and not being allowed to sell discounted bundled tickets as individual full-price tickets are necessary to account for revenue generated. In the absence of these provisions, the reports on revenue generated could not be audited.

Staff Recommendation

Under the requirements of the Administrative Procedure Act, the Commission must take action on a petition within 60 days of receiving it. Staff recommends that the Commission deny this petition in writing because some of the requests are against statute and others would weaken the Commission's regulatory abilities or raffle organizers' protections.

McLean, Lisa (GMB)

From: Matt Little <mlittle@ducks.org>
Sent: Thursday, July 20, 2023 12:21 PM
To: McLean, Lisa (GMB); tiffany@nonprofitwa.org; abaier@rmef.org; eric.demers@pediatrix.com; Kirk A. Struble; nello.picinich@ccawashington.org; Keely Hopkins; Laura Pierce
Cc: Nicks, Jim (GMB); Melville, Jim (GMB); McGregor, Bill (GMB)
Subject: RE: Follow up on June 29 Meeting
Attachments: WA Gambling Commission rule requests for nonprofits.pdf

External Email

Hi friends,

Our request is for the Washington State Gambling Commission to consider changes to the rules for charitable nonprofit fundraising as we discussed at the last meeting and are summarized in the attached document. We were very pleased with the conversation we had with Bill and your team and it sounded like many of our requests would have a favorable hearing in front of the Commission.

We don't believe our groups, which only represent a subset of the nonprofits affected by these rules, need a training unless you think that will help us collectively determine which rule requests we can bring to the next Commission meeting.

Please advise and thank you for your time and consideration.

Best,
Matt

Matt Little
Director of DU Public Policy, Western Region
11805 NE 99th Street, Suite 1300
Vancouver, WA 98682
mlittle@ducks.org
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Sign-up to become a #DuckPolicy Insider

From: McLean, Lisa (GMB) <lisa.mclean@wsgc.wa.gov>
Sent: Friday, July 14, 2023 11:36 AM
To: Matt Little <mlittle@ducks.org>; tiffany@nonprofitwa.org; abaier@rmef.org; eric.demers@pediatrix.com; Kirk A. Struble <kstruble@ducks.org>; nello.picinich@ccawashington.org; Keely Hopkins <khopkins@congressionalsportsmen.org>
Cc: Nicks, Jim (GMB) <jim.nicks@wsgc.wa.gov>; Melville, Jim (GMB) <jim.melville@wsgc.wa.gov>; McGregor, Bill (GMB)

<bill.mcgregor@wsgc.wa.gov>
Subject: RE: Follow up on June 29 Meeting

CAUTION: - This email originated outside of Ducks Unlimited.

Oops, I wrote Alex's email wrong and don't want him to get left off the email string should someone "reply all"…

Lisa C McLean
Legislative and Policy Manager
Washington State Gambling Commission
P.O. Box 42400
Olympia, WA 98504
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Cell: (360) 878-1903
lisa.mclean@wsgc.wa.gov

From: McLean, Lisa (GMB)
Sent: Friday, July 14, 2023 11:34 AM
To: Matt Little <mlittle@ducks.org>; tiffany@nonprofitwa.org; abaier@remef.org; eric.demers@pediatrix.com; kstruble@ducks.org; nello.picinich@ccawashington.org; Keely Hopkins <khopkins@congressionalsportsmen.org>
Cc: Nicks, Jim (GMB) <jim.nicks@wsgc.wa.gov>; Melville, Jim (GMB) <jim.melville@wsgc.wa.gov>; McGregor, Bill (GMB) <bill.mcgregor@wsgc.wa.gov>
Subject: Follow up on June 29 Meeting

Hi all –

To follow up on our meeting at the end of June, WSGC Special Agent Supervisor Bill McGregor remains open to organizing an advanced training for you and your colleagues. To organize that training, it would be most helpful for him to receive a written list of concerns from you all so that he can research the background of certain rules and be prepared to give you information about the context of the rule and how to apply it.

I will drop out of this conversation and suggest that you connect directly with Bill (with a cc to Agent in Charge (Regulation) Jim Nicks and Special Agent (Regulation) Jim Melville) so that he can begin working on the training.

With best regards,
Lisa

Lisa C McLean
Legislative and Policy Manager
Washington State Gambling Commission

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Washington nonprofit rules request changes for WA Gambling Commission

July 2023

KEEPING UP WITH INFLATION

WAC 230-11-100

(1) Licensees conducting raffles with gross gambling receipts of fifty thousand dollars or less in their previous license year and organizations conducting unlicensed raffles under the authority of RCW 9.46.0315 or 9.46.0321 must keep a record by month of the following:

(a) Gross receipts; and
(b) Prizes paid; and
(c) Net income; and
(d) Documentation of expenses; and
(e) Documentation of how the proceeds were used.

(2) Licensees conducting raffles with gross gambling receipts over fifty thousand dollars in their initial license year, with gross gambling receipts over fifty thousand dollars in their previous license year, offering prizes that require approval per WAC 230-11-067, or conducting raffles using alternative drawing formats must prepare a detailed record for each raffle they conduct. Licensees must:

(a) Record all data required in the standard format we provide; and
(b) Maintain the following:
(i) Validated deposit receipts for each deposit of raffle proceeds; and
(ii) All winning tickets; and
(iii) Name, address, and telephone number of all winners of a prize with a fair market value of more than fifty dollars; and
(iv) All ticket stubs for raffles that participants are not required to be present at the drawing; and
(v) All unsold tickets for individual raffles for which gross gambling receipts exceed five thousand dollars; and
(vi) Invoices and other documentation recording the purchase or receipt of prizes; and
(vii) Invoices and other documentation recording the purchase of tickets and other expenses of the raffle; and
(c) Complete all records no later than thirty days following the drawing."

Requests:

- Adjust dollar amounts upward to fully account for inflation since time of inception and/or include an annual or periodic increase to adjust for inflation
- Adjust Section 1(b)(iii) from $50 to $600 to align with IRS requirements
- Eliminate Section 2(b)(iv)

WAC 230-11-067:

Requesting commission approval prior to offering raffle prizes exceeding forty thousand dollars per prize or three hundred thousand dollars in a license year.

Requests:

- As above, can we adjust these dollar figures to account for inflation since inception?
    - If unable to justify a full adjustment for inflation, perhaps consider $80,000 and $500,00 respectively

WAC 230-11-085:

(1) Licensees may use modified ticket pricing plans at members-only raffles when gross revenues do not exceed five thousand five dollars. One type of modified pricing plan is a penny raffle. A penny raffle is a raffle where licensees sell five hundred consecutively numbered tickets. Participants randomly choose tickets and pay the consecutive number of the ticket multiplied by a predetermined cost, for instance, one penny.
(2) In modified pricing plans, licensees may sell tickets to enter a raffle for different values, not to exceed ten dollars for a single ticket, if the licensee:

(a) Discloses to the participants the pricing plan before selling them a ticket to participate. The licensee must disclose to the participant the total number of tickets in the population available and the number of tickets at each price level; and
(b) Allows participants to randomly select their ticket from the population of remaining tickets and pay the amount printed on the ticket they select; and
(c) Establishes records for an adequate audit trail to determine gross gambling receipts; and
(d) Holds no more than two such drawings during a meeting or event; and
(e) Sells multiple tickets to enter one or more drawings as a package and the total price of the package must not exceed twenty-five dollars.

Request:

- As above, increase maximum price for single ticket from $10 to $25 (section 2) and the maximum price of a package of tickets from $25 to $100 (section 2(e)). This would serve to both help maximum ticket prices keep up with inflation as well as allowing better and more valuable prizes to be used in such raffles.

WAC 230-11-014:
(1) Raffle tickets must not be sold for more than one hundred dollars each; and
(2) Enhanced raffle tickets must not be sold for more than two hundred fifty dollars each.

Request:

- As above, increase to $250 and allow for inflation annually/periodically.

EASING RECORD KEEPING BURDEN

WAC 230-07-130
(1) Charitable or nonprofit licensees, except agricultural fairs, must maintain records which clearly show how the licensee used or disbursed the funds from each licensed activity. These records must provide an audit trail satisfactory for us to verify that the funds were used for the licensees' stated purpose(s). These records must include, at least, canceled checks for the disbursements. (2) Charitable or nonprofit licensees must keep these records for three years from the end of the license year for which the record was created.

WAC 230-11-105
(1) Records for unlicensed raffles must be kept for one year following the date of the raffle drawing.
(2) Records for licensed raffles must be kept for three years from the end of the licensees' fiscal year in which the raffle was completed.

Request:

- Change record-keeping from 3 years to 1

WAC 230-11-100

*(2) Licensees conducting raffles with gross gambling receipts over fifty thousand dollars in their initial license year, with gross gambling receipts over fifty thousand dollars in their previous license year, offering prizes that require approval per WAC **230-11-067**, or conducting raffles using alternative drawing formats must prepare a detailed record for each raffle they conduct. Licensees must:*
(a) Record all data required in the standard format we provide; and
(b) Maintain the following:
(i) Validated deposit receipts for each deposit of raffle proceeds; and
(ii) All winning tickets; and
(iii) Name, address, and telephone number of all winners of a prize with a fair market value of more than fifty dollars; and
(iv) All ticket stubs for raffles that participants are not required to be present at the drawing; and
(v) All unsold tickets for individual raffles for which gross gambling receipts exceed five thousand dollars; and
(vi) Invoices and other documentation recording the purchase or receipt of prizes; and
(vii) Invoices and other documentation recording the purchase of tickets and other expenses of the raffle; and
(c) Complete all records no later than thirty days following the drawing.

Request:

- Keep only winning tickets

WAC 230-11-100

*(2) Licensees conducting raffles with gross gambling receipts over fifty thousand dollars in their initial license year, with gross gambling receipts over fifty thousand dollars in their previous license year, offering prizes that require approval per WAC **230-11-067**, or conducting raffles using alternative drawing formats must prepare a detailed record for each raffle they conduct. Licensees must:*

(a) Record all data required in the standard format we provide; and
(b) Maintain the following:
(i) Validated deposit receipts for each deposit of raffle proceeds; and
(ii) All winning tickets; and
(iii) Name, address, and telephone number of all winners of a prize with a fair market value of more than fifty dollars; and
(iv) All ticket stubs for raffles that participants are not required to be present at the drawing; and
(v) All unsold tickets for individual raffles for which gross gambling receipts exceed five thousand dollars; and
(vi) Invoices and other documentation recording the purchase or receipt of prizes; and
(vii) Invoices and other documentation recording the purchase of tickets and other expenses of the raffle; and
(c) Complete all records no later than thirty days following the drawing.

Request:

- Allow quarterly record-keeping/report by amend section 2(c) from, "...no later than thirty days following the drawing," to, "no later than thirty days following the quarter in which the drawing took place." This better aligns the record keeping requirement with the required quarterly report filings.

MEMBERS-ONLY RAFFLES ALLOWING FOR SPOUSES/GUESTS

WAC 230-11-075:

The total number of guests participating in a raffle must not exceed twenty-five percent of the total attendance of the meeting. The organization must maintain records to show compliance with this requirement.

Request:

- Increase cap on guests from 25% to 50% to allow for spouses/partners/guests participating in members only raffles.

CREDIT CARD TRANSACTIONS AT END OF EVENT

WAC 230-06-035:

(1) Licensees, employees, or members must not offer or give credit, loans, or gifts to any person playing in an authorized gambling activity or which makes it possible for any person to play in an authorized gambling activity.
(2) Gifts are items licensees give to their customers. Licensees must not connect these gifts to gambling activities we regulate unless the gifts are:
(a) Gambling promotions; or
(b) Transportation services to and from gambling activities; or
(c) Free or discounted food, drink, or merchandise which:
(i) Costs less than $500 per individual item; and
(ii) Must not be traded back to you for cash; and
(iii) Must not give a chance to participate further in an authorized gambling activity.
*(3) You must collect the price required to participate in the gambling activity in full **before** allowing someone to participate. Authorized payment methods include cash, check, gift certificate, gift card, or debit card.*
(4) If the price paid for the opportunity to play a punch board or pull-tab series is $10 or less, licensees may collect the price immediately after the play is completed.
(5) If a charitable or nonprofit organization has a regular billing system for all of the activities of its members, it may use its billing system in connection with the playing of any licensed activities as long as the organization limits play to full and active members of its organization.
(6) Charitable or nonprofit organizations may allow credit cards, issued by a state regulated or federally regulated financial institution, for payment to participate in raffles.

Request:

- Consider allowing for 1 credit/debit card transaction **at the end** of an event (i.e. for raffle tickets purchased during the event, as well as live and silent auction items). This would serve to both make conducting raffles during an event more streamlined and simple, as well as helping to ease the financial burden on non-profits in regards to credit card fees imposed by credit card companies.

RAFFLE TICKET SALES ASSOCIATES

WAC 230-11-035:
(1) Organizations must not pay members or volunteers for selling tickets or managing or operating a raffle, unless the person is a full-time or part-time employee of the organization with duties other than selling tickets or managing or operating raffles.
(2) Licensees may provide members or volunteers with noncash incentives for selling tickets if the licensee:
(a) Bases the incentives on the number of tickets sold; and
(b) Gives incentives that do not exceed five percent of the gross gambling receipts of the raffle; and
(c) Maintains a record of the name, address, and telephone number of all persons receiving incentives.

Requests:

- To comply with RCW and the WAC above, can we pay raffle ticket sales associates if they are paid via organizational revenue only, separate from raffle revenue (as we do for all our fundraising staff)
- Better define noncash incentives above or limit them only to organizational revenue, not from raffle proceeds

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TECHNOLOGY – ALLOWING TELEPHONE PAYMENTS, PAYMENTS BY MAIL, AND YOUTH PARTICIPATION

(No WAC found, but these prohibitions below are listed **here** on page two under, "Selling tickets":

• Tickets must be paid for in full by cash, check, or credit card. No IOU's.

• Tickets cannot be sold over the Internet or telephone.

• Tickets and/or payment for tickets cannot be mailed.

• Individuals under 18 years of age may sell tickets, only if (WAC 230-06-010):

- Your organization's primary purpose is to develop youth; and
- At least three members of your organization, age 18 or older, supervise the raffle; and
- A member, 18 years or older, manages the raffle.

Requests:

- Consider allowing for ticket sales over the telephone (which is currently considered a "wire transfer"). Credit cards are already a permissible form of payment for raffle tickets for non-profits; taking a credit card payment over the phone is functionally the same as taking that same credit card payment face to face.
- Consider allowing for non-profits to be able to accept an order form for raffle tickets via mail, provided that physical tickets or ticket stubs are not sent via mail. This is already being permitted in WA in the case of both the WA Wild Sheep Foundation's Rocky Mountain Bighorn Sheep Raffle (info available on their website, washingtonwsf.org) as well as the "Buckrun Mule Deer Raffle Contest," the information about which and the order form for is available to the public in the Washington Big Game Hunting Regulations at the bottom of page 3. This particular ad/order form also states, "Buy 5 entries, get 1 free!," which

seems to also be out of compliance in regards to offering free tickets or offering discounted pricing plans for multiple ticket purchases.

- Allow college clubs or youth to sell tickets at their fundraising events if organizations have a charitable mission, not just to "develop youth"

TICKET BUNDLING AND DISCOUNT PLANS

WAC 230-11-025:

(1) Licensees may put tickets together in a bundle and sell them at a discount level if they:

(a) Create the discount levels before selling any raffle tickets; and

(b) Do not change the discount levels during the raffle; and

(c) Make single nondiscounted tickets available to all participants; and

(d) Use up to three discount levels for each raffle; and

(2) Booklets of bundled discounted tickets must contain the number of tickets named in the discount levels; and

(3) Licensees must not remove tickets from a booklet to sell them individually; and

(4) Each booklet of bundled tickets must have the following information printed on the cover:

(a) A description of the discount levels; and

(b) The number of tickets in the booklet; and

(c) The total cost of the booklet; and

(d) A consecutive number; and

(5) Licensees must establish controls and accounting procedures necessary to determine gross gambling receipts from ticket sale

Requests:

- Make establishing discount plans simpler by removing the pre-bundled booklet requirement or allow for bundled tickets to be broken out and sold individually at full price.
    - Raffles are a gambling activity and gamblers like to know their odds. If making odds known and available to the public, we cannot do discount plans because of the requirement of pre-bundling combined with the restriction of not being able to break out tickets from a bundle.
    - Extra tickets would have to be available if the goal is to sell say 100 tickets. We need to sell 100 to make our margin so can't simply set aside a portion of the tickets that are bundled to be part of the discount plan tickets in the hope that we can sell them all when there would be people who would want to buy at full price. The opposite is also true, we could sell out of all the pre-made bundles, have the discount plan advertised per raffle rules, and run into the situation where people refuse to buy a single ticket because we are refusing to sell the advertised bundle.

Rule Petition to Amend
WAC 230-11-065 Raffle prizes.
WAC 230-11-067 Requesting commission approval prior to offering raffle prizes exceeding $40,000 per prize or $300,000 in a license year.

SEPTEMBER 2023 – Commission Review
JULY 2023 – Rule-Making Petition Received

Tab 8: SEPTEMBER 2023 Commission Meeting	**Statutory Authority 9.46.070**

Who Proposed the Rule Change?

Alex Baier, on behalf of Rocky Mountain Elk Foundation, Olympia, WA
Tiffany Brace, on behalf of Nonprofit Association of Washington, Seattle, WA
Keely Hopkins, on behalf of Congressional Sportsmen's Foundation, Vancouver, WA
Matt Little, on behalf of Ducks Unlimited, Vancouver, WA
Nello Picinich, on behalf of Coastal Conservation Association, Vancouver, WA

Background

Several nonprofits operating in Washington state have proposed multiple amendments to rules related to nonprofits and raffles. We have split the petition into three separate rules packages: 1) the suggested amendments on which the Commission may want to initiate rulemaking; 2) the suggested amendments on which the Commission may want to deny petitioners' request; and 3) the suggested amendment that staff believes is a policy question on which the Commissioners should decide. This rules package is the **third part of the package**.

The petitioners ask that the thresholds in WAC 230-11-067 be increased so the additional record keeping and Commission approvals commence at higher levels than the current $40,000 per prize or $300,000 in a license year. If the thresholds cannot be fully adjusted for inflation, petitioners ask if the thresholds could be raised to $80,000 per prize or $500,000 in a license year.

The original rule was adopted in April 1983 when the Commission established $40,000 as the cap on a single raffle prize, and $80,000 as the cap on raffle prizes in a single year. The Commission could permit a licensee to exceed these limits on specific occasions if "good cause" was shown.

WAC 230-11-065 was amended in 2010 to establish in a new rule (WAC 230-11-067) requiring submission of detailed raffle plan for Commissioner review and approval if a single raffle prize exceeded $40,000 or $80,000 annually. The new rule was amended in 2012 when the annual prize threshold that would trigger the need for Commission approval went from an $80,000 cap to $300,000. The threshold was also changed in WAC 230-11-065. The 2012 amendment also added a list of items licensees must submit with their plan to exceed the $300,000 annual prize limit.

Attachments:

- Petition
- WAC 230-11-065
- WAC 230-11-067

Policy Considerations
The $40,000 per prize threshold and the $300,000 in a calendar year threshold that trigger submission of a plan and Commission approval in WAC 230-11-067 exist to protect the charitable or nonprofit organization by making sure they have a well-developed plan to ensure success.
Staff Recommendation
Under the requirements of the Administrative Procedure Act, the Commission must take action on a petition within 60 days of receiving it. Your options are to: • Initiate rule-making proceedings for further discussion; or • Deny the petition in writing, a) stating the reasons for the denial, specifically addressing the concerns stated in the petition, or b) indicating alternative means by which the agency will address the concerns raised in the petition.

WAC 230-11-065 Raffle prizes. (1) Organizations must own the prizes offered to winners before the date of the drawing. However, if the winner has an option to receive a cash prize instead of the merchandise, the organization may enter into a contract to purchase the merchandise prize after the winner chooses his or her option. The organization must have the funds to make the purchase on account before the date of the drawing.

(2) At the time and date of any raffle drawing, the organization must have on deposit an unencumbered amount of money that is equal to or greater than all cash prizes being offered in the raffle. The organization must have these funds deposited in the gambling receipts account, if required, or in a recognized Washington state depository authorized to receive funds. The organization must not reduce the balance of funds available from this account below the required amount before awarding the prize(s).

(3) Raffle prizes must:

(a) Be available at the time and place of the drawing; and

(b) If cash, be United States currency or an equivalent amount of negotiable instruments; and

(c) For licensees, not exceed forty thousand dollars per prize or three hundred thousand dollars in total raffle prizes in a license year, except as authorized in WAC 230-11-067.

(4) For enhanced raffles, a purchase contract is not necessary for smaller noncash prizes, but the bona fide charitable or nonprofit organization must be able to demonstrate that such a prize is available and sufficient funds are held in reserve in the event that the winner chooses a noncash prize.

[Statutory Authority: RCW 9.46.070 and 9.46.0209. WSR 13-19-056 (Order 692), § 230-11-065, filed 9/16/13, effective 10/17/13. Statutory Authority: RCW 9.46.070 and 9.46.0277. WSR 12-05-067 (Order 677), § 230-11-065, filed 2/15/12, effective 3/17/12. Statutory Authority: RCW 9.46.070. WSR 10-11-086 (Order 668), § 230-11-065, filed 5/17/10, effective 7/1/10; WSR 06-20-040 (Order 602), § 230-11-065, filed 9/26/06, effective 1/1/08.]

WAC 230-11-067 Requesting commission approval prior to offering raffle prizes exceeding forty thousand dollars per prize or three hundred thousand dollars in a license year. (1) The commissioners may vote to approve a licensee to exceed raffle prize limits if a licensee shows good cause in writing.

(2) Prior to offering raffle prizes that exceed forty thousand dollars per prize, the licensee must submit a raffle plan to us that includes at least the following information:

(a) The organization's goals for conducting the raffle; and

(b) A brief overview of the licensee's mission and vision including the type of programs supported by the licensee and clients served; and

(c) Specific details of the raffle rules including:

(i) Date of the drawing; and

(ii) Cost of raffle tickets; and

(iii) Prizes available; and

(iv) Security of prizes; and

(v) Plans for selling raffle tickets; and

(vi) Description of how the licensee protects the integrity of the raffle; and

(d) An explanation of how the proceeds from the raffle will be used; and

(e) A plan to protect the licensee in the event of low ticket sales and other risks; and

(f) An explanation of how the licensee will purchase the prize(s) for the raffle; and

(g) A projected budget including:

(i) Estimated gross gambling receipts, expenses, and net income for the raffle; and

(ii) Minimum number of projected ticket sales to break even; and

(iii) Corresponding sales and prize levels with projected revenues and expenses for each level; and

(iv) Minimum and maximum prizes available; and

(h) Any other information that we request or any information the licensee wishes to submit.

(3) Prior to offering raffle prizes that exceed three hundred thousand dollars in a license year, the licensee must submit a raffle plan that includes:

(a) The organization's goals for conducting raffles; and

(b) A brief overview of the licensee's mission and vision including the type of programs supported by the licensee and clients served; and

(c) Plans for selling raffle tickets; and

(d) Brief overview of prizes awarded; and

(e) Estimated gross gambling receipts, expenses, and net income for the raffles; and

(f) Any other information that we request or any information the licensee wishes to submit.

[Statutory Authority: RCW 9.46.070 and 9.46.0277. WSR 12-05-067 (Order 677), § 230-11-067, filed 2/15/12, effective 3/17/12. Statutory Authority: RCW 9.46.070. WSR 10-11-086 (Order 668), § 230-11-067, filed 5/17/10, effective 7/1/10.]

McLean, Lisa (GMB)

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Sent: Thursday, July 20, 2023 12:21 PM
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Cc: Nicks, Jim (GMB); Melville, Jim (GMB); McGregor, Bill (GMB)
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External Email

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Our request is for the Washington State Gambling Commission to consider changes to the rules for charitable nonprofit fundraising as we discussed at the last meeting and are summarized in the attached document. We were very pleased with the conversation we had with Bill and your team and it sounded like many of our requests would have a favorable hearing in front of the Commission.

We don't believe our groups, which only represent a subset of the nonprofits affected by these rules, need a training unless you think that will help us collectively determine which rule requests we can bring to the next Commission meeting.

Please advise and thank you for your time and consideration.

Best,
Matt

Matt Little
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Sign-up to become a #DuckPolicy Insider

From: McLean, Lisa (GMB) <lisa.mclean@wsgc.wa.gov>
Sent: Friday, July 14, 2023 11:36 AM
To: Matt Little <mlittle@ducks.org>; tiffany@nonprofitwa.org; abaier@rmef.org; eric.demers@pediatrix.com; Kirk A. Struble <kstruble@ducks.org>; nello.picinich@ccawashington.org; Keely Hopkins <khopkins@congressionalsportsmen.org>
Cc: Nicks, Jim (GMB) <jim.nicks@wsgc.wa.gov>; Melville, Jim (GMB) <jim.melville@wsgc.wa.gov>; McGregor, Bill (GMB)

<bill.mcgregor@wsgc.wa.gov>
Subject: RE: Follow up on June 29 Meeting

CAUTION: - This email originated outside of Ducks Unlimited.

Oops, I wrote Alex's email wrong and don't want him to get left off the email string should someone "reply all"…

Lisa C McLean
Legislative and Policy Manager
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From: McLean, Lisa (GMB)
Sent: Friday, July 14, 2023 11:34 AM
To: Matt Little <mlittle@ducks.org>; tiffany@nonprofitwa.org; abaier@remef.org; eric.demers@pediatrix.com; kstruble@ducks.org; nello.picinich@ccawashington.org; Keely Hopkins <khopkins@congressionalsportsmen.org>
Cc: Nicks, Jim (GMB) <jim.nicks@wsgc.wa.gov>; Melville, Jim (GMB) <jim.melville@wsgc.wa.gov>; McGregor, Bill (GMB) <bill.mcgregor@wsgc.wa.gov>
Subject: Follow up on June 29 Meeting

Hi all –

To follow up on our meeting at the end of June, WSGC Special Agent Supervisor Bill McGregor remains open to organizing an advanced training for you and your colleagues. To organize that training, it would be most helpful for him to receive a written list of concerns from you all so that he can research the background of certain rules and be prepared to give you information about the context of the rule and how to apply it.

I will drop out of this conversation and suggest that you connect directly with Bill (with a cc to Agent in Charge (Regulation) Jim Nicks and Special Agent (Regulation) Jim Melville) so that he can begin working on the training.

With best regards,
Lisa

Lisa C McLean
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Washington State Gambling Commission

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Washington nonprofit rules request changes for WA Gambling Commission

July 2023

KEEPING UP WITH INFLATION

WAC 230-11-100

(1) Licensees conducting raffles with gross gambling receipts of fifty thousand dollars or less in their previous license year and organizations conducting unlicensed raffles under the authority of RCW 9.46.0315 or 9.46.0321 must keep a record by month of the following:

(a) Gross receipts; and
(b) Prizes paid; and
(c) Net income; and
(d) Documentation of expenses; and
(e) Documentation of how the proceeds were used.

(2) Licensees conducting raffles with gross gambling receipts over fifty thousand dollars in their initial license year, with gross gambling receipts over fifty thousand dollars in their previous license year, offering prizes that require approval per WAC 230-11-067, or conducting raffles using alternative drawing formats must prepare a detailed record for each raffle they conduct. Licensees must:

(a) Record all data required in the standard format we provide; and
(b) Maintain the following:
(i) Validated deposit receipts for each deposit of raffle proceeds; and
(ii) All winning tickets; and
(iii) Name, address, and telephone number of all winners of a prize with a fair market value of more than fifty dollars; and
(iv) All ticket stubs for raffles that participants are not required to be present at the drawing; and
(v) All unsold tickets for individual raffles for which gross gambling receipts exceed five thousand dollars; and
(vi) Invoices and other documentation recording the purchase or receipt of prizes; and
(vii) Invoices and other documentation recording the purchase of tickets and other expenses of the raffle; and
(c) Complete all records no later than thirty days following the drawing."

Requests:

- Adjust dollar amounts upward to fully account for inflation since time of inception and/or include an annual or periodic increase to adjust for inflation
- Adjust Section 1(b)(iii) from $50 to $600 to align with IRS requirements
- Eliminate Section 2(b)(iv)

WAC 230-11-067:

Requesting commission approval prior to offering raffle prizes exceeding forty thousand dollars per prize or three hundred thousand dollars in a license year.

Requests:

- As above, can we adjust these dollar figures to account for inflation since inception?
    - If unable to justify a full adjustment for inflation, perhaps consider $80,000 and $500,00 respectively

WAC 230-11-085:

(1) Licensees may use modified ticket pricing plans at members-only raffles when gross revenues do not exceed five thousand five dollars. One type of modified pricing plan is a penny raffle. A penny raffle is a raffle where licensees sell five hundred consecutively numbered tickets. Participants randomly choose tickets and pay the consecutive number of the ticket multiplied by a predetermined cost, for instance, one penny.
(2) In modified pricing plans, licensees may sell tickets to enter a raffle for different values, not to exceed ten dollars for a single ticket, if the licensee:

(a) Discloses to the participants the pricing plan before selling them a ticket to participate. The licensee must disclose to the participant the total number of tickets in the population available and the number of tickets at each price level; and
(b) Allows participants to randomly select their ticket from the population of remaining tickets and pay the amount printed on the ticket they select; and
(c) Establishes records for an adequate audit trail to determine gross gambling receipts; and
(d) Holds no more than two such drawings during a meeting or event; and
(e) Sells multiple tickets to enter one or more drawings as a package and the total price of the package must not exceed twenty-five dollars.

Request:

- As above, increase maximum price for single ticket from $10 to $25 (section 2) and the maximum price of a package of tickets from $25 to $100 (section 2(e)). This would serve to both help maximum ticket prices keep up with inflation as well as allowing better and more valuable prizes to be used in such raffles.

WAC 230-11-014:
(1) Raffle tickets must not be sold for more than one hundred dollars each; and
(2) Enhanced raffle tickets must not be sold for more than two hundred fifty dollars each.

Request:

- As above, increase to $250 and allow for inflation annually/periodically.

EASING RECORD KEEPING BURDEN

WAC 230-07-130
(1) Charitable or nonprofit licensees, except agricultural fairs, must maintain records which clearly show how the licensee used or disbursed the funds from each licensed activity. These records must provide an audit trail satisfactory for us to verify that the funds were used for the licensees' stated purpose(s). These records must include, at least, canceled checks for the disbursements. (2) Charitable or nonprofit licensees must keep these records for three years from the end of the license year for which the record was created.

WAC 230-11-105
(1) Records for unlicensed raffles must be kept for one year following the date of the raffle drawing.
(2) Records for licensed raffles must be kept for three years from the end of the licensees' fiscal year in which the raffle was completed.

Request:

- Change record-keeping from 3 years to 1

WAC 230-11-100

*(2) Licensees conducting raffles with gross gambling receipts over fifty thousand dollars in their initial license year, with gross gambling receipts over fifty thousand dollars in their previous license year, offering prizes that require approval per WAC **230-11-067**, or conducting raffles using alternative drawing formats must prepare a detailed record for each raffle they conduct. Licensees must:*
(a) Record all data required in the standard format we provide; and
(b) Maintain the following:
(i) Validated deposit receipts for each deposit of raffle proceeds; and
(ii) All winning tickets; and
(iii) Name, address, and telephone number of all winners of a prize with a fair market value of more than fifty dollars; and
(iv) All ticket stubs for raffles that participants are not required to be present at the drawing; and
(v) All unsold tickets for individual raffles for which gross gambling receipts exceed five thousand dollars; and
(vi) Invoices and other documentation recording the purchase or receipt of prizes; and
(vii) Invoices and other documentation recording the purchase of tickets and other expenses of the raffle; and
(c) Complete all records no later than thirty days following the drawing.

Request:

- Keep only winning tickets

WAC 230-11-100

*(2) Licensees conducting raffles with gross gambling receipts over fifty thousand dollars in their initial license year, with gross gambling receipts over fifty thousand dollars in their previous license year, offering prizes that require approval per WAC **230-11-067**, or conducting raffles using alternative drawing formats must prepare a detailed record for each raffle they conduct. Licensees must:*

(a) Record all data required in the standard format we provide; and
(b) Maintain the following:
(i) Validated deposit receipts for each deposit of raffle proceeds; and
(ii) All winning tickets; and
(iii) Name, address, and telephone number of all winners of a prize with a fair market value of more than fifty dollars; and
(iv) All ticket stubs for raffles that participants are not required to be present at the drawing; and
(v) All unsold tickets for individual raffles for which gross gambling receipts exceed five thousand dollars; and
(vi) Invoices and other documentation recording the purchase or receipt of prizes; and
(vii) Invoices and other documentation recording the purchase of tickets and other expenses of the raffle; and
(c) Complete all records no later than thirty days following the drawing.

Request:

- Allow quarterly record-keeping/report by amend section 2(c) from, "...no later than thirty days following the drawing," to, "no later than thirty days following the quarter in which the drawing took place." This better aligns the record keeping requirement with the required quarterly report filings.

MEMBERS-ONLY RAFFLES ALLOWING FOR SPOUSES/GUESTS

WAC 230-11-075:

The total number of guests participating in a raffle must not exceed twenty-five percent of the total attendance of the meeting. The organization must maintain records to show compliance with this requirement.

Request:

- Increase cap on guests from 25% to 50% to allow for spouses/partners/guests participating in members only raffles.

CREDIT CARD TRANSACTIONS AT END OF EVENT

WAC 230-06-035:

(1) Licensees, employees, or members must not offer or give credit, loans, or gifts to any person playing in an authorized gambling activity or which makes it possible for any person to play in an authorized gambling activity.
(2) Gifts are items licensees give to their customers. Licensees must not connect these gifts to gambling activities we regulate unless the gifts are:
(a) Gambling promotions; or
(b) Transportation services to and from gambling activities; or
(c) Free or discounted food, drink, or merchandise which:
(i) Costs less than $500 per individual item; and
(ii) Must not be traded back to you for cash; and
(iii) Must not give a chance to participate further in an authorized gambling activity.
*(3) You must collect the price required to participate in the gambling activity in full **before** allowing someone to participate. Authorized payment methods include cash, check, gift certificate, gift card, or debit card.*
(4) If the price paid for the opportunity to play a punch board or pull-tab series is $10 or less, licensees may collect the price immediately after the play is completed.
(5) If a charitable or nonprofit organization has a regular billing system for all of the activities of its members, it may use its billing system in connection with the playing of any licensed activities as long as the organization limits play to full and active members of its organization.
(6) Charitable or nonprofit organizations may allow credit cards, issued by a state regulated or federally regulated financial institution, for payment to participate in raffles.

Request:

- Consider allowing for 1 credit/debit card transaction **at the end** of an event (i.e. for raffle tickets purchased during the event, as well as live and silent auction items). This would serve to both make conducting raffles during an event more streamlined and simple, as well as helping to ease the financial burden on non-profits in regards to credit card fees imposed by credit card companies.

RAFFLE TICKET SALES ASSOCIATES

WAC 230-11-035:
(1) Organizations must not pay members or volunteers for selling tickets or managing or operating a raffle, unless the person is a full-time or part-time employee of the organization with duties other than selling tickets or managing or operating raffles.
(2) Licensees may provide members or volunteers with noncash incentives for selling tickets if the licensee:
(a) Bases the incentives on the number of tickets sold; and
(b) Gives incentives that do not exceed five percent of the gross gambling receipts of the raffle; and
(c) Maintains a record of the name, address, and telephone number of all persons receiving incentives.

Requests:

- To comply with RCW and the WAC above, can we pay raffle ticket sales associates if they are paid via organizational revenue only, separate from raffle revenue (as we do for all our fundraising staff)
- Better define noncash incentives above or limit them only to organizational revenue, not from raffle proceeds

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TECHNOLOGY – ALLOWING TELEPHONE PAYMENTS, PAYMENTS BY MAIL, AND YOUTH PARTICIPATION

(No WAC found, but these prohibitions below are listed **here** on page two under, "Selling tickets":

• Tickets must be paid for in full by cash, check, or credit card. No IOU's.

• Tickets cannot be sold over the Internet or telephone.

• Tickets and/or payment for tickets cannot be mailed.

• Individuals under 18 years of age may sell tickets, only if (WAC 230-06-010):

- Your organization's primary purpose is to develop youth; and
- At least three members of your organization, age 18 or older, supervise the raffle; and
- A member, 18 years or older, manages the raffle.

Requests:

- Consider allowing for ticket sales over the telephone (which is currently considered a "wire transfer"). Credit cards are already a permissible form of payment for raffle tickets for non-profits; taking a credit card payment over the phone is functionally the same as taking that same credit card payment face to face.
- Consider allowing for non-profits to be able to accept an order form for raffle tickets via mail, provided that physical tickets or ticket stubs are not sent via mail. This is already being permitted in WA in the case of both the WA Wild Sheep Foundation's Rocky Mountain Bighorn Sheep Raffle (info available on their website, washingtonwsf.org) as well as the "Buckrun Mule Deer Raffle Contest," the information about which and the order form for is available to the public in the Washington Big Game Hunting Regulations at the bottom of page 3. This particular ad/order form also states, "Buy 5 entries, get 1 free!," which

seems to also be out of compliance in regards to offering free tickets or offering discounted pricing plans for multiple ticket purchases.

- Allow college clubs or youth to sell tickets at their fundraising events if organizations have a charitable mission, not just to "develop youth"

TICKET BUNDLING AND DISCOUNT PLANS

WAC 230-11-025:

(1) Licensees may put tickets together in a bundle and sell them at a discount level if they:

(a) Create the discount levels before selling any raffle tickets; and

(b) Do not change the discount levels during the raffle; and

(c) Make single nondiscounted tickets available to all participants; and

(d) Use up to three discount levels for each raffle; and

(2) Booklets of bundled discounted tickets must contain the number of tickets named in the discount levels; and

(3) Licensees must not remove tickets from a booklet to sell them individually; and

(4) Each booklet of bundled tickets must have the following information printed on the cover:

(a) A description of the discount levels; and

(b) The number of tickets in the booklet; and

(c) The total cost of the booklet; and

(d) A consecutive number; and

(5) Licensees must establish controls and accounting procedures necessary to determine gross gambling receipts from ticket sale

Requests:

- Make establishing discount plans simpler by removing the pre-bundled booklet requirement or allow for bundled tickets to be broken out and sold individually at full price.
    - Raffles are a gambling activity and gamblers like to know their odds. If making odds known and available to the public, we cannot do discount plans because of the requirement of pre-bundling combined with the restriction of not being able to break out tickets from a bundle.
    - Extra tickets would have to be available if the goal is to sell say 100 tickets. We need to sell 100 to make our margin so can't simply set aside a portion of the tickets that are bundled to be part of the discount plan tickets in the hope that we can sell them all when there would be people who would want to buy at full price. The opposite is also true, we could sell out of all the pre-made bundles, have the discount plan advertised per raffle rules, and run into the situation where people refuse to buy a single ticket because we are refusing to sell the advertised bundle.

Staff Proposed Rule Making
WAC 230-11-067 – Requesting commission approval prior to offering raffle prizes exceeding $40,000 per prize or $300,000 in a license year.

September 2023 – Initiate Rule Making

Tab 9: September 2023 Commission Meeting Agenda.	**Statutory Authority 9.46.070**
Who Proposed the Rule Change?	
Washington State Gambling Commission Staff	
Background	
Staff seeks to amend WAC 230-11-067 to add additional requirements for high value raffles. The requirements would be intended to protect the raffle organizer and raffle ticket buyers in the event that ticket sales fall short of expectations. Attachments: • WAC 230-11-067	
Staff Recommendation	
Staff recommends initiating rulemaking to add additional requirements for high value raffles.	

WAC 230-11-067 Requesting commission approval prior to offering raffle prizes exceeding forty thousand dollars per prize or three hundred thousand dollars in a license year. (1) The commissioners may vote to approve a licensee to exceed raffle prize limits if a licensee shows good cause in writing.

(2) Prior to offering raffle prizes that exceed forty thousand dollars per prize, the licensee must submit a raffle plan to us that includes at least the following information:

(a) The organization's goals for conducting the raffle; and

(b) A brief overview of the licensee's mission and vision including the type of programs supported by the licensee and clients served; and

(c) Specific details of the raffle rules including:

(i) Date of the drawing; and

(ii) Cost of raffle tickets; and

(iii) Prizes available; and

(iv) Security of prizes; and

(v) Plans for selling raffle tickets; and

(vi) Description of how the licensee protects the integrity of the raffle; and

(d) An explanation of how the proceeds from the raffle will be used; and

(e) A plan to protect the licensee in the event of low ticket sales and other risks; and

(f) An explanation of how the licensee will purchase the prize(s) for the raffle; and

(g) A projected budget including:

(i) Estimated gross gambling receipts, expenses, and net income for the raffle; and

(ii) Minimum number of projected ticket sales to break even; and

(iii) Corresponding sales and prize levels with projected revenues and expenses for each level; and

(iv) Minimum and maximum prizes available; and

(h) Any other information that we request or any information the licensee wishes to submit.

(3) Prior to offering raffle prizes that exceed three hundred thousand dollars in a license year, the licensee must submit a raffle plan that includes:

(a) The organization's goals for conducting raffles; and

(b) A brief overview of the licensee's mission and vision including the type of programs supported by the licensee and clients served; and

(c) Plans for selling raffle tickets; and

(d) Brief overview of prizes awarded; and

(e) Estimated gross gambling receipts, expenses, and net income for the raffles; and

(f) Any other information that we request or any information the licensee wishes to submit.

[Statutory Authority: RCW 9.46.070 and 9.46.0277. WSR 12-05-067 (Order 677), § 230-11-067, filed 2/15/12, effective 3/17/12. Statutory Authority: RCW 9.46.070. WSR 10-11-086 (Order 668), § 230-11-067, filed 5/17/10, effective 7/1/10.]

Staff Proposed Rule Making
WAC 230-03-155 – Submitting a proposed plan of operations for charitable and nonprofit organizations.

SEPTEMBER 2023 – Initiate Rule Repeal

Tab 10: SEPTEMBER 2023 Commission Meeting Agenda.	**Statutory Authority 9.46.070**
Who Proposed the Rule Change?	
Washington State Gambling Commission Staff	
Background	
Staff recommends repeal of WAC 230-03-155. This rule relates to applicants who plan to conduct large bingo operations, which we have not received in the last 20 plus years. Rules already exist imposing additional reporting requirements on charitable and nonprofit organizations with gross gambling receipts of $3 million dollars or more. Attachments: • WAC 230-03-155	
Staff Recommendation	
Staff recommends initiating rulemaking to repeal this rule.	

WAC 230-03-155 Submitting a proposed plan of operations for charitable and nonprofit organizations. (1) An organization must submit a proposed plan of operations, including a market study, with their application to conduct bingo if the organization:

(a) Requests licensing to conduct gambling activities with combined annual gross receipts in excess of three million dollars; or

(b) Plans to pay premises rent exceeding two thousand dollars per month, including all terms.

(2) The plan must show enough detail to allow us to assess the potential for compliance with cash flow requirements. It must also include at least the following information:

(a) Research procedures and planning assumptions used; and

(b) Planned number of customers or attendance; and

(c) Days and hours of operations; and

(d) Estimated gross gambling receipts from each activity; and

(e) Estimated expenses and net income; and

(f) Details of income generating activities planned in conjunction with the gambling activity, such as snack bar operations or other retail sales and the anticipated net income from those activities; and

(g) Any other information related to your gambling license application that we request.

(3) The organization must provide:

(a) Anticipated market area and map of competing organizations that operate similar gambling activities, along with their days of operation; and

(b) Number of bingo sessions, bingo card prices, and estimated sales per player; and

(c) Bingo prize payouts and game schedules.

[Statutory Authority: RCW 9.46.070. WSR 21-21-079, § 230-03-155, filed 10/18/21, effective 11/18/21; WSR 06-07-157 (Order 457), § 230-03-155, filed 3/22/06, effective 1/1/08.]