



ANNUAL REPORT

2019 FISCAL YEAR



Washington State
GAMBLING
COMMISSION

Protect the public by ensuring that gambling is legal and honest.

P.O. Box 42400 Olympia, WA 98504 | www.wsgc.wa.gov



February 12, 2020

Governor
Jay Inslee

Attorney General
Bob Ferguson

**Chair of the Senate
Labor & Commerce
Committee**

**Chair of the Senate
Law & Justice
Committee**

**Chair of the House
Commerce & Gaming
Committee**

**Chair of the House
Public Safety
Committee**

HONORABLE MADAMS AND MESSERS:

I am pleased to deliver this annual report of the Washington State Gambling Commission.

In 1973, we joined Washington's public safety framework and became the second state gambling regulatory agency in the nation (Nevada was first). Born out of corruption, our agency mission is to protect the public by ensuring gambling is legal and honest.

This report covers details of our operations as of the end of the 2019 fiscal year (June 30, 2019).

During the 2019 fiscal year, Washington's gambling industry generated \$3.462 billion in net gambling receipts. Tribal casinos continue to lead the way with \$2.738 billion in net receipts, while commercial and nonprofit organizations generated \$362.2 million and \$27.2 million, respectively. Our agency does not regulate horse racing or the lottery; however, net receipts for those activities during the 2019 fiscal year reached \$22.4 million and \$312.9 million, respectively.

The bulk of our revenue is derived from license fees paid by gambling licensees. After operating under the same fee structure for 45 years, we created a simplified fee structure, which was phased in during the 2019 fiscal year. Licensees now pay fees quarterly based on actual revenue, rather than paying annual fees based on estimated future revenue. We projected our revenue to be lower during the fee simplification implementation; however, shifts in the industry have caused our revenue to exceed expectations. As a result, for the next biennium, we will have a stable fund balance that is adequate to cover emergencies or unexpected costs.

The topic that now dominates discussions in our industry is sports gambling. A 2018 U.S. Supreme Court decision thawed a sports wagering environment that was frozen in 1992, and has the potential to significantly change Washington's gambling landscape. During the 2019 legislative session, it appeared that sports gambling would not gain traction until the 2021 legislative session. By the end of the 2019 fiscal year, we noticed a palpable shift and now expect possible movement in the 2020 session. We are preparing to regulate this activity if/when it is authorized by the Legislature.

We remain eager to discuss with you the efforts the Commission is making, the results it is achieving, and any other aspect of our operations or the industry about which you would like additional information.

Sincerely,
David Trujillo, Executive Director
Washington State Gambling Commission

The background of the slide features a close-up, slightly blurred image of various casino items. On the left, there are several tall stacks of chips in different colors: white with blue patterns, green with white patterns, red with white patterns, and blue with white patterns. In the bottom left corner, a red die is visible. In the bottom right corner, there are several playing cards, including a King of Clubs and a Queen of Hearts. The entire image is overlaid with a semi-transparent white rectangle that contains the text.

MISSION

Protect the public
by ensuring that
gambling is legal
and honest

TABLE OF CONTENTS

5	The Gambling Act
6	Meet Our Commissioners
7	Meet Our Ex-officio Members
8	Washington's Gambling Industry
12	Financial Summary
14	Focus on Problem Gambling
15	2019 Legislation
17	2018-2022 Commission Goals
19	Operational Units
25	Tribal Relations
26	2020 Outlook
28	2020 Agency Request Legislation
29	Appendix A: Net Gambling Receipts
30	Appendix B: Commercial Licensees
35	Appendix C: Nonprofit Licensees
37	Appendix D: License Fee Schedules

THE GAMBLING ACT

Chapter 9.46 of the Revised Code of Washington (the Gambling Act) declares that the State of Washington's public policy on gambling is to keep the criminal element out and to promote the social welfare of the people, by limiting the nature and scope of gambling activities and by strict regulation and control.

In the Gambling Act, the Legislature recognized the close relationship between professional gambling and organized crime, and declared the following policy:

- To restrain all persons from seeking profit from professional gambling activities in this state;
- To restrain all persons from patronizing such professional gambling activities;
- To safeguard the public against the evils induced by common gamblers and common gambling houses engaged in professional gambling; and at the same time, both to preserve the freedom of the press and to avoid restricting participation by individuals in activities and social pastimes, which activities and social pastimes are more for amusement rather than for profit, do not maliciously affect the public, and do not breach the peace.

MEET OUR COMMISSIONERS



Bud Sizemore, Chair

Chair Sizemore is a former mayor pro tempore and member of the Covington City Council, and is a legislative liaison for the Washington State Council of Fire Fighters. He is a retired fire fighter with the Kent Fire Department Regional Fire Authority.

Term Expires: June 30, 2025



Julia Patterson, Vice-Chair

Vice Chair Patterson is a former member of the Metropolitan King County Council, Washington State Senate, Washington State House of Representatives and the SeaTac City Council. Her public service career spans nearly three decades.

Term Expires: June 30, 2024



Chris Stearns, Commissioner

Commissioner Stearns is an attorney who practices Indian law. He previously served four years as counsel to the U.S. House Committee on Natural Resources and was the first-ever director of Indian Affairs for the U.S. Department of Energy. He is also a past chairman of the Seattle Human Rights Commission.

Term Expires: June 30, 2021



Ed Troyer, Commissioner

Commissioner Troyer has been a commissioned deputy with the Pierce County Sheriff's Department for over 30 years, where he serves as the department's public information officer. He is also the executive director of Tacoma-Pierce County Crime Stoppers and is board chair of TAPCO Credit Union.

Term Expires: June 30, 2020



Alicia Levy, Commissioner

Commissioner Levy is an attorney who practices business law, estate planning and real estate law. She completed her undergraduate work at Washington State University in 2003 and graduated from Gonzaga University School of Law in 2010. She gained experience working in larger law firms in the region before starting her own firm in Spokane in 2015.

Term Expires: June 30, 2023

MEET OUR EX-OFFICIO MEMBERS

Members of the Legislature serve as ex-officios and vote to approve or amend tribal-state Class III gaming compacts. They play an important liaison role between the Commission and the Legislature. Our ex-officios for the 2019 legislative session were:



**Senator
Steve Conway**
29th District



**Representative
Derek Stanford**
1st District

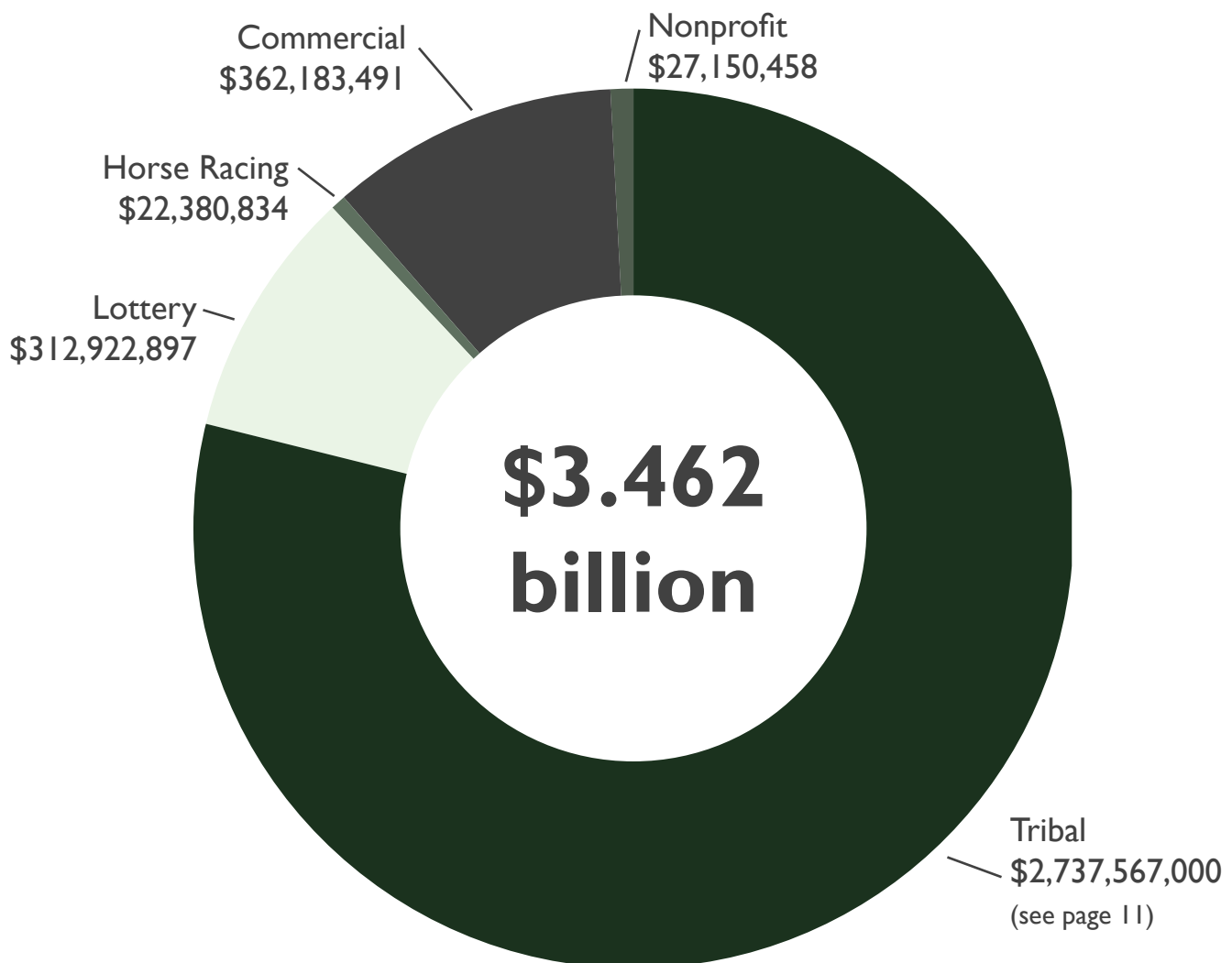


**Representative
Brandon Vick**
18th District

WASHINGTON'S GAMBLING INDUSTRY

NET GAMBLING RECEIPTS

Washington's gambling industry is comprised of five categories, which, in 2019, generated \$3.462 billion in net gambling receipts.



Net receipts are equal to gross receipts minus prizes paid. Amusement games are included for 2019.

We are responsible for licensing and regulating the commercial and nonprofit gambling markets. In regards to tribal casinos, we have a cooperative regulatory partnership with the tribes. Our agency does not license or regulate the lottery or horse racing.

GROSS GAMBLING RECEIPTS

Gross gambling receipts are the revenues an operator earns from gambling activities, before prizes are paid. Also included are revenues from vendors, such as manufacturers, distributors and service suppliers. In the 2019 fiscal year, our commercial and nonprofit licensees reported \$906,524,238 in gross gambling receipts. Gross gambling receipts are used to calculate licensing fees.

2019 Gross Gambling Receipts

\$906,524,238*

**Includes commercial and nonprofit licensees; does not include tribal casinos*

COMMERCIAL GAMBLING

We license and regulate 13 types of commercial gambling activities:

Bingo (agricultural fairs)	Equipment & Supplies Manufacturers
Amusement Games	Special Sales Manufacturers
Card Games	Punchboards & Pull-tabs
Equipment & Supplies Distributors	Punchboards & Pull-tabs Service Businesses
Enhanced Raffle Call Centers	Recreational Gaming Activities
Fundraising Event Equipment Distributors	Service Suppliers
Linked Bingo Prize Providers	

ACTIVITY	GROSS GAMBLING RECEIPTS
Punchboards & Pull-tabs	\$ 247,476,214
House-Banked Card Rooms	\$ 244,201,858
Manufacturers	\$ 199,942,741
Distributors	\$ 53,716,517
Amusement Games	\$ 44,837,540
Service Suppliers	\$ 15,046,045
Non-House-Banked Card Rooms	\$ 13,617,234
Fundraising Event Equipment Distributors	\$ 1,925,624
Punchboards & Pull-tabs Services	\$ 65,184
Grand Total	\$ 820,828,957

CHARITABLE AND NONPROFIT GAMBLING

We license and regulate 9 types of charitable/nonprofit gambling activities:

Amusement Games	Fundraising Event Equipment Distributors
Bingo	Punchboards & Pull-tabs
Card Games	Raffles
Enhanced Raffles	Recreational Gaming Activities
Fundraising Events (Reno/casino nights)	

To qualify as charitable or nonprofit, an organization's by-laws or articles of incorporation must state it is organized and operated only for one or more of the following purposes:

Agricultural	Fraternal
Athletic	Patriotic
Charitable	Political
Civic	Social
Educational	

Or be one of the following:

Agricultural Fair	Church
Fraternal Society	Grange
Religious Society	

ACTIVITY	GROSS GAMBLING RECEIPTS	
Punchboards & Pull-tabs	\$	38,631,332
Bingo	\$	25,364,533
Raffles	\$	17,232,881
Enhanced Raffles	\$	3,688,880
Combination (Bingo, Raffles, Amusement Games, Card Games)	\$	388,522
Amusement Games	\$	189,071
Fundraising Events	\$	118,820
Social Card Rooms	\$	81,242
Grand Total		\$ 85,695,281

GAMBLING TAX

The state does not collect a gambling tax; however, RCW 9.46.110 allows cities, counties or towns to tax gambling receipts. The maximum limitations are set forth in the law and are listed in the following table:

ACTIVITY	MAXIMUM
Amusement Games	2% of net receipts; cannot exceed actual enforcement costs
Bingo	5% of net receipts
Cardrooms	20% of gross receipts
Punchboards and Pull-tabs (Charitable/Nonprofit)	10% of net receipts
Punchboards and Pull-tabs (Commercial)	5% of gross receipts or 10% of net receipts
Raffles	5% of net receipts; first \$10,000 cannot be taxed

2019 Gambling Tax (Local)

\$38,304,178*

**Collected by local jurisdictions, not by the Gambling Commission*

TRIBAL GAMING

In 2019, tribal casinos generated approximately \$2.738 billion in net receipts. This includes only Class III activities, such as: Tribal Lottery System machines (slot-style games), table games, off-track betting, Keno and Class III poker. It does not include: bingo, bingo machines, pull-tabs or Class II poker. Since our fiscal calendar (July 1 - June 30) does not align with tribes' fiscal calendars, we are only able to estimate the net receipts for the same time period.

The federal Indian Gaming Regulatory Act (IGRA) requires states to negotiate gaming compacts with tribes for gambling activities that are authorized under state law. Our director is delegated the responsibility of negotiating Class III gaming compacts.

Tribal-state Class III gaming compacts between each tribe and the state outline: the style of gaming allowed, standards of operation, criminal and civil jurisdiction, state regulation fees and remedies for breach of compact.

FINANCIAL SUMMARY

We recently launched an updated and simplified fee structure that took effect during the 2019 fiscal year. Due to a shift in the timing of when license fees are paid, revenues were projected to be lower than in past years; however, due to market changes in pull-tab games and an unanticipated increase in revenue from house-banked card rooms and raffles, we exceeded revenue expectations by 11 percent.

We also underwent construction to condense office space and save on future lease costs at our headquarters in Lacey. Unfortunately, due to unexpected cost increases and project changes, as well as a higher-than-expected use of legal services, we slightly overspent our budget by approximately 0.3 percent.

Our fund balance is stable and is adequate to cover emergencies or unexpected costs, and our projected over-expenditure in future years is the result of a one-time upgrade in our primary computer systems. Staff is constantly reviewing processes and costs to ensure that we are running efficiently. A prior audit by the Office of the State Auditor found no issues in our accounts or our internal control processes.

FEE SIMPLIFICATION

Staff and commissioners worked together to make it easier and more convenient for organizations to apply for gambling licenses by creating a simpler and more flexible fee structure.

The old fee structure originated in the 1970's when the first gambling activities were legalized in Washington. The gambling industry has seen many changes since then, which has caused the fee schedule to become complex and cumbersome over the years. The old fee structure had grown to include 194 different fees and required licensees to estimate gambling receipts for the upcoming year in order to determine which license to apply for. Estimating revenues often resulted in overpaid fees, which required refunds, or underpaid fees, which carried penalties.

The redesigned fee structure:

- Reduces the number of fee categories;
- Eliminates the need for organizations to estimate future gambling receipts in order to determine license classes;
- Allows organizations to take in revenue before paying fees;
- Provides the ability to calculate and pay fees online using My Account;
- Allows organizations to make quarterly payments rather than annual or biennial payments.

REVENUE AND EXPENSES

		BUDGETED		ACTUAL		REVENUE VARIANCE
Total Revenue	\$	11,105,724	\$	12,336,510	\$	1,230,786
Total Expenses	\$	14,336,002	\$	14,377,842	\$	(41,840)

All data as of fiscal year 2019 accounting period close. Projected amounts reflect accruals not yet paid.

WORKING CAPITAL BALANCE PROJECTION

		ACTUAL FY 18		ACTUAL FY 19		BUDGET FY 20		BUDGET FY 21
Beginning Balance	\$	8,400,091	\$	9,284,165	\$	7,242,833	\$	5,100,293
Revenue	\$	14,094,519	\$	12,336,510	\$	14,149,842	\$	14,169,090
Expenditures	\$	13,210,445	\$	14,377,842	\$	16,292,382	\$	15,976,187
Revenue Minus Expenditures			\$	(2,041,332)	\$	(2,142,540)	\$	(1,807,098)
Working Capital Balance at FY End	\$	9,284,165	\$	7,242,833	\$	5,100,293	\$	3,293,196

FOCUS ON PROBLEM GAMBLING

Our mission is to protect the public by ensuring gambling is legal and honest. Two significant ways to fulfill this mission are: (1) to promote effective responsible gaming policies in our gambling industry; and (2) to advocate for effective problem gambling programs and services for people who wish to address their gambling disorder. We have educated ourselves on problem gambling and have sought effective policies and programs that will benefit the regulated gambling industry and improve the lives of people suffering from gambling disorders. Our partners in this effort include: the Legislature, tribes, the industry, Washington State Department of Social and Health Services' Behavioral Health Administration, Evergreen Council on Problem Gambling, and problem gambling behavioral health providers to

In its 2018-19 supplemental operating budget, the Legislature included a provision – Engrossed Substitute Senate Bill 6032 – directing us to contract for a study to survey the scope of services available for pathological and problem gamblers and their families, and analyze current prevention, treatment and recovery programs and services in our state. The Legislature required us to submit the results of the study and provide policy recommendations to improve problem gambling services and programs by Feb. 15, 2019.

We contracted with researchers from the University of Washington's Department of Psychiatry and Behavioral Sciences and the Washington State University's Carson College of Business to conduct the study. In developing the study, we determined that it would focus on two problem gambling topics -- responsible gaming and behavioral health services. The study reviews and analyzes current responsible gaming practices within Washington's gambling industry. It also reviews and analyzes prevention, treatment and recovery services for pathological and problem gamblers in our state. This comprehensive approach provides information and guidance for the gambling industry, regulators and behavioral health providers, while meeting the Legislature's objective for this study.

This problem gambling study is a significant positive step towards addressing problem gambling in our state. We hope this study's results and recommendations will allow our state to proceed with updating current responsible gaming practices, and strengthen the state's commitment to promoting and protecting the public health of those suffering from a gambling disorder.

The study, which was delivered to the Legislature by the Feb. 15, 2019 deadline, provides a comprehensive set of responsible gaming and problem gambling results and recommendations. Additionally, there are many areas for improvement in responsible gaming practices and problem gambling public health services.

2019 LEGISLATION



SELF-EXCLUSION (HB1302) - AGENCY REQUEST LEGISLATION

Our 2019 agency request legislation, House Bill 1302, was signed into law by Governor Jay Inslee on April 30, 2019. It authorizes us to create rules for a statewide self-exclusion program for licensed house-banked card rooms, and also create a process for tribal operations to voluntarily opt into the program. The goal is to create a program where a person with a gambling problem or gambling disorder can submit a single form and voluntarily exclude themselves from some or all card rooms and casinos.

This responsible gaming practice is already in place at all tribal casinos and most house-banked card rooms, and this law allows for the creation of a network to connect these individual programs. This is a significant step toward helping problem gamblers and it aligns with the Commission's goal to be more proactive in helping those with gambling disorders.

Representative Shelley Kloba and Senator Steve Conway were prime sponsors of this bill. Representatives Derek Stanford and Brandon Vick, and Senator Karen Keiser also advocated for it. Additionally, this legislation was supported by: Evergreen Council on Problem Gambling, Washington State Health Care Authority, Recreational Gaming Association, Puyallup Tribe of Indians and Suquamish Tribe.

PROBLEM GAMBLING LEGISLATIVE TASK FORCE (HB1880)

House Bill 1880 aimed to create a joint legislative task force on problem gambling. The bill was not passed in the 2019 legislative session; however, most of the structure of the bill was included in the supplemental operating budget, along with a \$100,000 appropriation. The task force will complete a comprehensive review of current problem gambling funding, services, programs, and policies, and will be responsible for providing recommendations to the Legislature on how to assist problem gamblers.

Prime Sponsor:
Representative Shelley Kloba

SPORTS GAMBLING (HB1975, HB1992, SB5965)

Three sports gambling bills were introduced during the 2019 legislative session.

HB1975 would authorize sports gambling to only occur at tribal casinos through Class III gaming compacts. Mobile betting would be allowed at the tribal casinos. This bill was heard by, and passed out of, the House Commerce and Gaming Committee but died in House Appropriations.

HB1992 would authorize sports gambling at the Muckleshoot Indian Tribe's Emerald Downs horse race track (Auburn, WA), off-track betting locations, and federally recognized Indian tribal casinos. It would not authorize Internet or mobile wagering. This bill did not receive a hearing in the House Commerce and Gaming Committee.

SB5965 was a title-only bill.

Prime Sponsors:
Representative Eric Pettigrew (HB1975),
Representative Joe Schmick (HB1992),
Senator Ann Rivers (SB5965)



PREVENTING AND RESPONDING TO ANIMAL ABUSE (HB1919)

House Bill 1919 was signed into law by Governor Inslee on April 29, 2019. We formally supported HB1919 and participated in legislative work sessions and hearings.

Animal fighting is a brutal blood sport that is almost always operated solely for the purpose of conducting illegal gambling. Due to this connection, we work closely with local law enforcement agencies and organizations to infiltrate illegal animal fighting gambling operations and arrest persons associated with these illegal activities.

This law adds “animal fighting paraphernalia” to the expanded definition of “animal fighting” in RCW 16.52.117. This is significant because these types of items exist solely to harm animals in the commission of an illegal gambling activity. This change provides us with another tool to use as we investigate and stop animal fighting and the gambling associated with it.

Prime Sponsor:
Representative Gina Mosbrucker

DEADLY USE OF FORCE (HB1064)

House Bill 1064 was signed into law by Governor Inslee on Feb. 4, 2019.

The law requires:

- De-escalation training for peace officers;
- Peace officers to provide first aid at the earliest safe opportunity;

- An independent investigation to determine if deadly force meets the good faith standard; and
- The state to reimburse a peace officer for defense costs if found not guilty or no charges are filed.

We supported HB1064 and its amendment of I-940. We are a limited jurisdiction law enforcement agency and I-940 would have impacted more than 60 of our commissioned law enforcement officers. This law is important to our agents and provides the right balance that protects both the public and our law enforcement officers.

Prime Sponsor:
Representative Roger Goodman

PRIVILEGED COMMUNICATION WITH PEER SUPPORT GROUP COUNSELORS (HB1356)

House Bill 1356 was signed into law by Governor Inslee on April 23, 2019. We formally supported HB1356, which provides an important testimonial privilege for our special agents when there is involvement of a peer support counselor.

Prime Sponsor:
Representative John Lovick

CHANGING THE DEFINITION OF THEFT (HB1159)

House Bill 1159 was passed out of the House Public Safety Committee, but did not make it out of the Rules Committee during the 2019 legislative session. We supported HB1159, which addresses theft – an all-too-common crime in the gambling industry. At times, our agents investigate incidents where a patron or employee attempts to steal gambling related items, such as chips, but they are caught with these items before they leave the gambling establishment. We typically can’t charge them with theft.

Prime Sponsor:
Representative Dan Griffey

2018-2022

COMMISSION GOALS

These strategic goals are the commissioners' and staff's plans, and provide the agency leadership agenda for 2018 - 2022. In early 2018, the commissioners met with agency leadership to formulate goals for the Commission to accomplish over the course of the next five years. These goals are the major initiatives the Commission must undertake to accomplish its mission. To accomplish these goals, the commissioners defined a number of objectives with a series of tactics to achieve these objectives.

1. INCREASE THE COMMISSION'S ROLE IN HELPING PEOPLE WHO ARE SUFFERING FROM GAMBLING DISORDERS

The Commission desires to take a more proactive role in helping those in Washington suffering from gambling-related disorders, in conjunction with the industry and behavioral health professionals.

PROGRESS

In its 2018-19 supplemental budget, the Legislature included a \$100,000 appropriation for the creation of a joint legislative task force on problem gambling. Our staff is working with the Washington Health Care Authority to draft a request letter for a project facilitator. The Legislature will soon assign members to this task force. We will be ready to hit the ground running once the facilitator has been secured and the task force members have been assigned.

2. STRENGTHEN LEGISLATIVE RELATIONSHIPS

The Commission has maintained a positive relationship with the Legislature; however, we aim to strengthen that relationship by providing the Legislature with more policy recommendations on gambling topics and issues.

PROGRESS

This annual report is a project that was developed as part of the goal to strengthen legislative relationships, and will be presented to legislative committees.

We are also tactically and strategically preparing for legislative questions about sports gambling. During the 2019 legislative session, three sports gambling bills were presented. At the end of the 2019 legislative session, it seemed unlikely that sports gambling would gain traction in the 2020 legislative session; however, circumstances have changed. We now believe that sports gambling bills are poised to see action in 2020. Taking a proactive approach, we have created a team of staff from across our agency to address the question, "What if sports gambling is authorized during the 2020 legislative session?" The team is traveling to states that have implemented sports gambling regulatory programs. The goal is to learn about other states' licensing and

regulatory programs, as well as the implementation process. We are also meeting with an array of sports gambling vendors, as well as professional sports leagues and teams.

3. STAFF CONTINUITY AND SUCCESSION PLANNING

The Commission has a dedicated and talented workforce that provides for efficient agency operations. Our workforce is continually evolving because of new hires, or employees leaving the agency for retirement or to seek other opportunities. We must plan for changes to ensure operations continue to run smoothly. We must also plan for the next generation of leaders.

PROGRESS

At our agency conference in fall 2018, our featured speaker asked, “What are the behavioral competencies that you would want to see in your colleagues?” All staff had the opportunity to provide input, and our supervisors and managers used staff input to create a formal list of behavioral competencies. During the 2019 interim review process, these competencies were added to the list of staff expectations.

Supervisors are speaking with their team members in a one-on-one setting to discuss professional and personal growth and development goals. They are also discussing how each team member’s goals align with the unit and agency goals.

4. STRENGTHEN STAKEHOLDER RELATIONSHIPS

The Commission wants to develop and maintain strong relationships with stakeholders.

PROGRESS

We are purposefully increasing our communication with stakeholders outside our agency. During the 2019 fiscal year, we solicited more stakeholder input regarding rule development, and attended more licensee, tribal and public stakeholder meetings than in prior years.

We continue to consult with tribes on a government-to-government level, and enjoy positive state-tribal relationships.

We are meeting with prosecutors from across the state and may have an educational component at a future Washington Association of Prosecuting Attorneys conference.

OPERATIONAL UNITS

We are an accredited, limited-jurisdiction law enforcement agency, and the only statewide agency devoted to gambling licensing, regulation and enforcement. Our special agents are commissioned law enforcement officers who attend the Basic Law Enforcement Academy and receive the same training as other police officers. Many agents are certified fraud examiners and some are certified public accountants.

Through collaboration with local, state, federal, tribal and international law enforcement agencies, we work to fulfill our legislative declaration of:

- (1) Keeping the criminal element out of gambling, and
- (2) Promoting social welfare through strict regulation and control.

LICENSING UNIT

Our Licensing Unit is the first line of defense in keeping the criminal element out of licensed gambling activities. We conduct initial and annual criminal history checks on all licensees and individuals who have actual or potential influence in a licensed business. The goal is to ensure individuals meet licensing qualifications and that the money and gambling products coming into the state are from legitimate sources.

Located at our headquarters in Lacey, the unit is comprised of 18 staff members, including: special agents, licensing specialists, office assistants and high school interns. Unlike other operational units, the Licensing Unit's work derives from both gambling laws (RCW's) and rules (WAC's), as well as tribal-state gaming compacts.

During the 2019 fiscal year, the Licensing Unit:

- Received 22,479 new, renewal and change applications for nonprofit organizations, commercial businesses, individuals and Class III employees;
- Withdrew 52 individual applications due to disqualifying criminal history;
- Denied or revoked 22 applications/licenses including:
 - A pull-tab applicant who operated without a license for approximately two years, taking in over \$1.4 million in gross gambling receipts. We attempted to negotiate with the applicant for a monetary fine, including a percentage of the ill-gotten gains; however, the applicant failed to respond and the application was denied;
 - A revocation of a card room employee license after the individual was convicted of attempted possession of depictions of a minor engaged in sexually explicit conduct;
- Reviewed and analyzed 45 house-banked card room financial statements;
- Assisted 3,175 organizations and individuals with registering for online services through SecureAccess Washington (SAW).

REGULATION UNIT

Our Regulation Unit is responsible for the administrative regulation of licensed gambling activities and the criminal enforcement of the Gambling Act.

Our special agents are commissioned law enforcement officers with arrest powers. The agents in our Regulation Unit conduct compliance checks and investigate complaints to ensure that licensees are complying with state gambling laws and rules.

The unit regulates and enforces state gambling laws and rules for: card games, bingo, amusement games, pull-tabs, punchboards, raffles and fundraising events. Agents also investigate crimes that occur at gambling facilities, including: cheating, theft, professional gambling, conducting activities without a license, burglary, assault, robbery, and violations related to fraud or deceit.

Our Regulation Unit has an inspection program that promotes and prioritizes voluntary compliance. During inspections, agents verify compliance and educate licensees to ensure they understand the rules and laws. During the 2019 fiscal year, the Gambling Commission amended its license fee schedule and licensee reporting requirements. To promote voluntary compliance, agents contacted all licensees and educated them on these changes.

Agents regularly conduct training on gambling rules and regulations for our licensees and the public. During the 2019 fiscal year, our agents conducted approximately 45 training sessions, and trained over 1,100 people. Trainees included licensees (nonprofit and commercial), other regulatory agencies, and cadets in the Basic Law Enforcement Academy.

Our goal is to obtain voluntary compliance with gambling laws and regulations. When we find a rule or law violation, depending upon the severity of the violation, we first try to educate the licensee or member of the public. Our agents are empowered to take appropriate action, including issuing an administrative violation notice or criminal citation, or making an arrest. A notice of violation could result in a verbal or written warning, a fine, and/or temporary license suspension. If repeat violations are found, the Commission can revoke the license. If there is a significant public safety issue, the Commission can impose an emergency suspension.

To ensure compliance and prevent underage gambling, agents conduct regular undercover inspections. During the 2019 fiscal year, the unit completed 49 undercover inspections at 34 licensed facilities. Licensees passed 41 of the inspections, but failed 8 times. Those who failed were issued a notice of violation and fine.

During the 2019 fiscal year, the unit opened over 400 administrative investigations.

Case Examples

A card room owner was skimming money from a player supported jackpot (PSJ), and repaying the money later with funds withheld from employee paychecks. Our investigation also showed that the owner did not make required PSJ deposits on time. In addition, the owner used \$8,500 in PSJ funds to pay bills, and returned the money to the PSJ account one week later. He withheld garnishments from five employee paychecks, but failed to forward the funds to creditors. We filed a Statement of Administrative Charges against the licensee.

A casino manager reported that one of his security officers attempted to use a patron's bank card. The patron had opened a tab in the bar and forgot to take his card when he left the premises. The bartender gave the card to the security officer so the card would be properly secured in the security station. After the casino closed for the night, the security officer attempted to withdraw \$600 from the casino's ATM machine. The security officer was charged both administratively and criminally for his actions.

A licensed card room employee attempted to defraud a casino and its players. A shift manager conspired with a player, who was also a casino manager from another casino, to manipulate the shuffling of cards, which were to be drawn by players. These two individuals colluded to set the highest valued card aside to be drawn by this particular person, so he would be awarded a seat at the final table for an industry tournament. We filed a Statement of Administrative Charges against both licensees.

The unit also opened approximately 100 criminal investigations.

Case Examples

A suspect used sleight of hand numerous times at several casinos to switch cards while playing High Card Flush. The approximate loss to the casinos was \$62,000. Prosecutors charged him with theft in the first degree and cheating in the second degree.

The Asotin County Sheriff's Office received an anonymous tip about an illegal raffle, which was advertising a horse as a prize, and asked us to investigate. We conducted an investigation and referred charges of professional gambling to the Asotin County Prosecutor's Office.

We received an anonymous tip of an illegal motorcycle raffle, with the proceeds allegedly benefiting a child with terminal cancer. The raffle was operated in both Washington and Idaho; however, a home in Spokane Valley was the base of operations. Our investigation revealed that the raffle was not being conducted by an authorized nonprofit organization, the outcome had a predetermined winner, and very little of the money was actually provided to the family of the cancer victim. The victim lived in Idaho and has since passed away. The person running the raffle was charged with professional gambling.

Some of our agents also instruct courses at the state's Basic Law Enforcement Academy, teaching the cadets about gambling crimes ranging from cheating and theft to bookmaking and dog fighting. They also teach blue-on-blue segments, which remind cadets to be aware of officers in the field who might be dressed in plainclothes.

CRIMINAL ENFORCEMENT UNIT

Our Criminal Enforcement Unit (CEU) consists of undercover special agents who detect, investigate and arrest people who have engaged in criminal activity involving gambling or gambling-related crimes, and to ultimately dismantle and disrupt criminal organizations and operations. Agents investigate: theft, fraud, Internet gambling, cheating, embezzlement, money laundering, loansharking, animal fighting, bookmaking and unlicensed gambling. The unit collaborates with state, federal, tribal and local law enforcement to conduct investigations, and participates in task forces and other law enforcement operations. Intelligence officers provide investigative support by collecting, evaluating, collating, retrieving and disseminating information related to certain criminal activities.

During the 2019 fiscal year, CEU arrested 23 people, and assisted task forces in the arrest of 32 others.

Case Examples

An investigation into a fraudulent check cashing scheme that was targeting tribal casinos uncovered five fraudulent checks cashed by five different suspects. The checks were made to look like payroll checks from a local lumber company. Each suspect provided identification to the cashier at the casinos and the checks were cashed. The checks were later returned by the bank because they had been identified as altered or fictitious. The total loss to the casinos was \$9,278.21. Since the suspects used their real names and photo ID's, the trail led straight to them.

Theft, money laundering, forgery and financial fraud charges were forwarded to the prosecutor for review.

Our agents received information from a local credit union that one of their customers was likely being exploited. They called us because they saw some ATM withdrawals at casinos and knew that the customer was wheelchair-bound and not likely to be the one using the card. In addition, they had witnessed a variety of people accompany the customer into the bank and the drive-up ATM, to make withdrawals. Our agents interviewed the victim during his dialysis appointment. Initially, he was reluctant to implicate his son in the thefts because he was afraid it would negatively affect the care he was receiving at home. When our agents showed him surveillance photos of the thefts, the victim stated his son should go to jail. We referred identify theft and theft charges to the Pierce County Prosecutor's Office.

A cardroom employee was arrested for accepting sports bets from an undercover agent. From November 2017 to June 2018, the suspect accepted 21 bets on NBA, MLB and NFL games. Our agent would text his bets to the suspect, who then placed them on a website. The suspect was charged with felony professional gambling.

TRIBAL GAMING UNIT

Our Tribal Gaming Unit (TGU) works to keep the criminal element out of tribal casinos by working collaboratively with tribal, federal and local law enforcement to investigate criminal activity.

Under Washington law, we are required to negotiate compacts with federally recognized tribes for Class III gaming, which includes activities such as: lotteries, casino games, house-banked card games, horse racing, pari-mutuel wagering, off-track betting, Keno and machine gaming. Tribal-state Class III gaming compacts between each tribe and the state outline: the style of gaming allowed, standards of operation, criminal and civil jurisdiction, state regulation fees and remedies for breach of compact.

There are currently 29 federally recognized tribes in Washington. All have compacts for Class III gaming, and 22 of the tribes operate a total of 29 casinos. In 2019, tribal gaming generated \$2.738 billion in net receipts.

During the 2019 fiscal year, TGU:

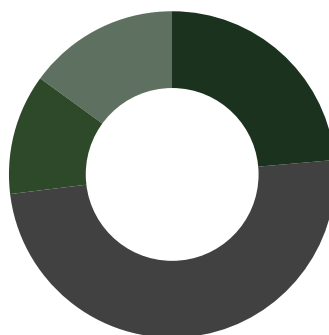
- Completed 669 case reports, regulatory inspections and checklists;
- Conducted 841 on-site visits and meetings with tribal staff and regulators;
- Reviewed, and concurred with, 329 internal control submissions;
- Reviewed, and concurred with, 82 game rule submissions;
- Conducted 135 TLS security reviews;
- Oversaw 55 new TLS installations; and
- Jointly agreed to 59 clarifications of compact appendices.

Our agents audited the tribes' required community contribution, problem gambling, smoking cessation and community impact mitigation funds for the 2017 revenue year.

2017 Tribal Contributions

\$22,163,064*

**Revenues accrued in 2017. Contribution payments made in 2018. Verified by WSGC in 2019.*



\$5.2 million
Government agencies,
fire, police

\$10.9 million
Charities

\$2.6 million
Smoking cessation

\$3.3 million
Problem gambling

TGU worked with the Kalispel Tribe of Indians' Tribal Gaming Agency and casino staff to open the tribe's second Class III gaming facility in Cusick. The facility opened to the public in April 2019 with 120 Tribal Lottery System (TLS) machines.

Throughout the year, TGU worked collaboratively with tribal regulatory partners to streamline the approval process for certain electronic games.

In partnership with the Colville Tribal Gaming Agency, TGU conducted a week-long new agent training course for over 60 students from multiple tribes. Nearly all TGU staff instructed one or more courses. Students were regulatory staff employed by the tribal casinos. Topics included: history, licensing, report writing, mock casino, Tribal Lottery System (TLS) and cheat detection. We also conducted an advanced TLS class for students wishing to learn more about how the systems operate, and to further their knowledge in regulation and security of the systems.

ELECTRONIC GAMBLING LAB

Our Electronic Gambling Lab (EGL) is responsible for testing gambling equipment for compliance before it is installed in tribal casinos and licensed card rooms. The lab is comprised of four lead testing engineers, one senior testing engineer and a lab administrator.

Lab staff meet weekly with our Tribal Gaming Unit staff as well as representatives from gambling equipment manufacturers to ensure that systems run smoothly and remain in compliance with the tribal-state compacts.

The roles and responsibilities of lab staff are as follows:

- Test commercial and tribal gambling equipment submitted by licensed manufacturers;
- Verify compliance of Tribal Lottery Systems with compact and Appendix X2 requirements;
- Verify compliance of electronic gambling equipment with associated laws and rules;
- Identify weaknesses in systems, software and physical and logical security;
- Develop training for our agents and tribal gaming agents on approved gambling equipment and Tribal Lottery Systems;
- Assist our agents and tribal gaming agents with security reviews at casinos;
- Provide expert-level knowledge of approved Tribal Lottery Systems during the investigation of any issue or complaint in the field; and
- Serve as liaison to independent test labs, tribes, the state, staff and the public.



EGL staff accomplishments for fiscal year 2019:

- Team Medal of Merit
- Employee of the Year – Jamie Aldridge (senior testing engineer)
- Certificate of Appreciation – Melissa Chicone (lab administrator)
- Only 1 submission went over the 15-day testing timeframe; all 60-day submissions were completed within the mandated timeframe

EQUIPMENT SUBMISSIONS

SUBMISSION TYPE	TOTAL SUBMISSIONS	AVG. DAYS TO COMPLETE	# SUBMISSIONS PAST TIMEFRAME	% SUBMISSIONS PAST TIMEFRAME
60-DAY	96	37.67	0	0
15-DAY	506	9.37	1	0.2

TRIBAL RELATIONS

The Indian Gaming Regulatory Act, signed by President Reagan in 1988, confirmed the rights of tribes to conduct gaming on Indian lands, and required states and tribes to enter into a compact (contract) for certain types of gaming.

Through the compact negotiation process, we mutually agreed to an amendment of the Muckleshoot Tribe's Class III gaming compact during the 2019 fiscal year. The changes in the amendment are consistent with other tribes' gaming compacts. We also mutually agreed to an amendment of the Nooksack Indian Tribe's Class III gaming compact. This agreement allows for Class III gaming at the tribe's Northwood Casino and adds a provision for creating a responsible gaming policy.

We've had robust discussions with tribal leaders and regulators about improving the current regulatory billing structure outlined in the Class III gaming compacts; however, we have yet to agree on a solution. We will continue discussions on this topic in the 2020 fiscal year.

After receiving input from tribes, we updated our tribal relations policy to align with our current processes and practices.

We continued our work with a group of tribal regulators, operators and industry staff to improve the review process for electronic gambling equipment used solely in tribal gaming facilities. The group is drafting technical standards that, once agreed upon, will be used for future electronic equipment reviews.

In 2018, we denied a request to transport and display unapproved TLS machines at the Northwest Indian Gaming Conference (NWIGC) & Expo, which impacted equipment manufacturers for tribal casinos. In January 2019, our commissioners voted to initiate rulemaking to clarify what gambling devices can be displayed at trade shows. We requested and received input from stakeholders, including tribal regulators, to find a solution. The rule was subsequently finalized and implemented prior to the 2019 NWIGC Expo.

During the 2019 legislative session, the Legislature passed a bill authorizing us to create rules for a statewide self-exclusion program for licensed card rooms, and also create a process for tribal operations to voluntarily opt into the program. We have had discussions with tribal leadership, regulators, operators and health care professionals, seeking input on this process.

During the 2019 fiscal year, we participated in, or organized, numerous meetings and trainings for: licensing staff, TGA directors, gaming executives, equipment manufacturers and independent testing laboratories. We also provided assistance to TGA directors on accessing our online portal through SecureAccess Washington (SAW). This is the secure portal where users can submit licensing applications and fees, as well as access records and reports. We provided instructions in three additional languages (Simplified Chinese, Korean and Vietnamese) to assist TGA staff who need to register for SAW.

We expect sports gambling bills to gain traction in the 2020 legislative session; therefore, we are beginning our conversations with tribes and seeking input on current legislation.

2020 OUTLOOK

SPORTS GAMBLING

At the close of the 2019 fiscal year, 20 jurisdictions within the United States have authorized sports gambling, and 8 states are offering retail and/or online sports gambling, including Oregon and Montana.

During the 2019 legislative session, it appeared that sports gambling would not gain traction until the 2021 legislative session. By the end of the 2019 fiscal year, we noticed a palpable shift and now expect possible movement in the 2020 legislative session.

If sports gambling is authorized by the Legislature, we intend to be the primary state regulator. We should be the state resource for legislators and stakeholders on all topics related to sports gambling, and we are preparing to regulate this new activity if/when it is authorized.

LOOT BOXES AND ONLINE SOCIAL CASINOS

Microtransactions and the use of loot boxes in console and online video games continue to raise concerns for us, as well as other regulators in the U.S. and around the world. In September 2018, Director Trujillo joined 15 European regulators in issuing a declaration on their concerns related to the blurring of the lines between gambling and video games. The growth of skins betting, loot boxes and social casinos in digital entertainment and video games continues to use operational and marketing strategies from the gambling industry, with little oversight. We hope the signing of this declaration will continue the dialogue with video game creators, social gaming industries and our legislature. The conversation needs to be elevated so that parents and consumers have protections in place consistent with the emerging research being published on the operation of these activities, and its impacts on adults and children alike.

We will continue to work with these industries to address the gambling-related content and illegal gambling activities that are being promoted through some of their platforms. It is our duty to ensure that the public is being protected, and only legal and regulated forms of gambling are occurring in Washington.

In July 2018, Big Fish Games, Inc. filed a petition asking the Commission to enter a declaratory order stating that the company's online games are not gambling under Washington law. This request was related to the Ninth Circuit Court of Appeals' decision in *Kater v. Churchill Downs, Inc.* The Court found that casino games offered by Big Fish Casino are gambling under the Washington State Gambling Act, and remanded the case back to the trial court.

In October 2018, commissioners declined to enter an order because they did not want to insert themselves into civil litigation that was active in federal court. Therefore, no formal action was taken on this issue.

Currently, there are eight cases pending in western Washington's federal district court against several companies who offer online social casino games. We continue to monitor these cases and review legislation filed during the 2019 legislative session.

RAFFLES: CHARITABLE AND NONPROFIT ORGANIZATIONS

Charitable and nonprofit raffle activity continues to increase throughout Washington. The Commission has expressed its desire to review raffle rules in 2020 and determine if any changes should be made to ensure the activity continues to be effectively regulated.

PULL-TABS: WAGER LIMITS

The pull-tab industry has asked the Commission to consider requesting that the Legislature raise the pull-tab wagering limit from one dollar to five dollars, matching what is currently offered in other states. The Legislature has retained the authority to determine pull-tab wagering limits and the Commission would defer to the Legislature on this issue at this time. If the pull-tab industry approached the Legislature and asked for an increase to the pull-tab wager limit, our commissioners would likely be supportive.

CARD ROOMS: NEW OWNERSHIP GROUP

In 2019, Maverick Gaming, LLC acquired 19 house-banked card rooms in Washington, including card rooms formerly owned by Great American and Washington Gold Casinos. After approval by the Commission, Maverick Gaming will operate nearly half of the 44 house-banked card rooms in Washington. Maverick also owns and operates casinos in Nevada.

PROBLEM GAMBLING: TASK FORCE AND SELF-EXCLUSION

Our top priority in the 2019 fiscal year was to address problem gambling. In February 2019, we completed and submitted a problem gambling study with recommendations to the Legislature. The study surveyed current responsible gaming and problem gambling issues in Washington. It identified three important findings: (1) the prevalence rate is likely higher than previously thought; (2) approximately 123,000 – 228,000 Washingtonians are in need of problem gambling services; and (3) there is a need for more state-certified counselors in Washington.

Upon submitting the study, we recommended that the Legislature do two things: 1) pass our request bill (HB1302), which creates a statewide self-exclusion program; and 2) pass HB1880, which creates a joint legislative problem gambling task force. The Legislature passed HB1302, and we will soon initiate rulemaking to establish a statewide self-exclusion program by June 2021.

HB1880 was not passed; however, the Legislature appropriated \$100,000 for the creation of a problem gambling task force. The Health Care Authority (HCA) is responsible for the state's problem gambling behavioral health program and will be the task force's lead agency. We are working with the HCA to form the task force, which will be comprised of members from the Legislature, state gambling regulators, behavioral health regulators and providers, federally recognized tribes and the public.

2020 AGENCY REQUEST LEGISLATION

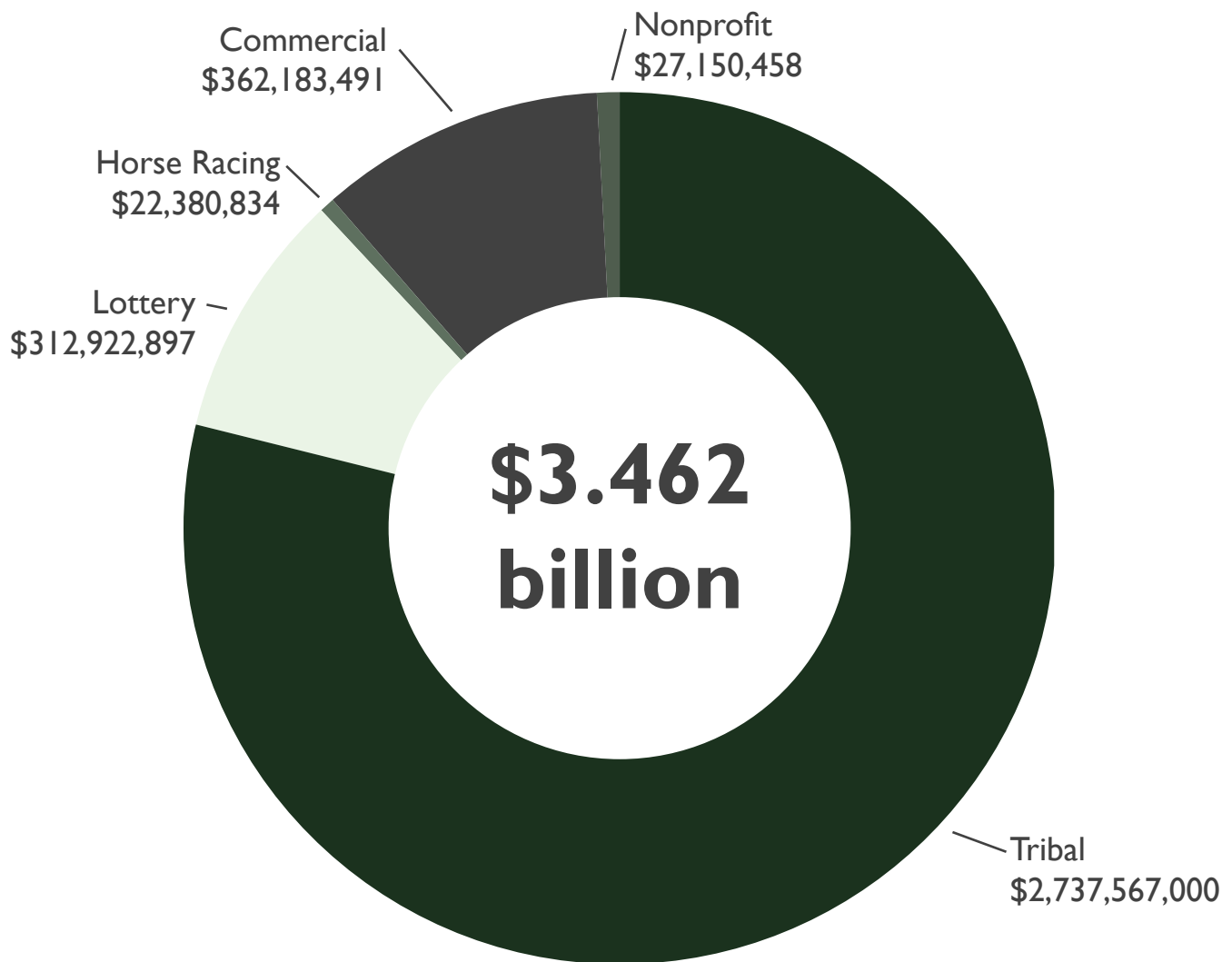
In June 2019, we held a stakeholder work session to discuss possible agency request legislation topics, and receive input on changes licensees would like to make to the Gambling Act. Nonprofit organizations would like more flexibility in raffle and fundraising limits, and would like to be able to offer raffles online. Furthermore, pull-tab licensees would like to raise the pull-tab wagering limit. We will present all stakeholder requests to the Commission at their July 2019 public meeting.

In addition to the topics identified during the stakeholder work session, we will present two other bills requested by staff. The first bill would amend the “bona fide charitable or nonprofit” definition to include nonprofit organizations registered under the Charitable Solicitations Act (RCW 19.09) as additional types of organizations allowed to conduct gambling activities. The amendment also adds “religious” and “scientific” purposes as approved purposes for an organization to be considered a bona fide charitable or nonprofit organization. Lastly, the bill clarifies that we can issue raffle licenses to credit unions or combined fund drive organizations.

The second bill would amend the current money laundering civil forfeiture statute to allow us, and other law enforcement agencies, to direct forfeited proceeds and property towards furthering and enhancing gambling-related law enforcement activities. The Gambling Act’s forfeiture subsections were inserted into the bill and mirror the disposition and reporting requirements currently referenced in the controlled substances forfeiture statute.

APPENDIX A:

NET GAMBLING RECEIPTS



Net receipts are equal to gross receipts minus prizes paid. Amusement games are included for 2019.

APPENDIX B:

COMMERCIAL LICENSEES

PUNCHBOARDS AND PULL-TABS

ACTIVE LICENSEES		GROSS RECEIPTS		PRIZES PAID		NET RECEIPTS		LOCAL TAX
884	\$	247,476,214	\$	179,173,668	\$	68,302,546	\$	8,731,132

TOP 10

RANK	LICENSEE		GROSS RECEIPTS		PRIZES PAID		NET RECEIPTS		LOCAL TAX
1	ROADHOUSE	\$	2,976,163	\$	2,181,868	\$	794,295	\$	59,523
2	TIMEOUT ALEHOUSE & GRILL	\$	2,540,515	\$	1,972,689	\$	567,826	\$	76,308
3	THE LIME	\$	2,185,106	\$	1,746,250	\$	438,856	\$	109,254
4	SPOT SPORTS BAR & GRILL	\$	2,076,618	\$	1,756,383	\$	320,235	\$	103,840
5	MEEKER ST BAR & GRILL	\$	1,919,945	\$	1,638,092	\$	281,853	\$	28,191
6	PUB 44	\$	1,774,679	\$	1,484,287	\$	290,392	\$	88,732
7	THE LOOSE WHEEL BAR & GRILL	\$	1,696,729	\$	1,312,770	\$	383,959	\$	67,756
8	DANNY'S TAVERN	\$	1,695,721	\$	1,356,016	\$	339,705	\$	42,393
9	SWINGING DOORS	\$	1,649,123	\$	1,285,878	\$	363,245	\$	7,192
10	CARRIAGE SQUARE SPORTS BAR	\$	1,627,994	\$	1,399,970	\$	228,024	\$	22,802

BY COUNTY

COUNTY	# OF LICENSEES		GROSS RECEIPTS		PRIZES PAID		NET RECEIPTS		LOCAL TAX
ADAMS	1	\$	1,114	\$	749	\$	365		N/A
ASOTIN	1	\$	87,779	\$	55,869	\$	31,910	\$	2,494
BENTON	27	\$	9,524,982	\$	6,528,225	\$	2,996,757	\$	353,963
CHELAN	16	\$	5,729,844	\$	4,028,189	\$	1,701,655	\$	42,934
CLALLAM	6	\$	581,463	\$	373,141	\$	208,322	\$	20,206
CLARK	30	\$	6,158,637	\$	4,298,629	\$	1,860,008	\$	279,545
COWLITZ	19	\$	3,631,498	\$	2,511,338	\$	1,120,160	\$	171,389
DOUGLAS	6	\$	2,513,361	\$	1,801,017	\$	721,344		N/A
FERRY	2	\$	110,451	\$	70,666	\$	39,785	\$	5,523
FRANKLIN	8	\$	1,156,251	\$	7,666,661	\$	389,590	\$	73,650
GRANT	11	\$	4,276,481	\$	3,035,620	\$	1,240,861	\$	96,890
GRAYS HARBOR	26	\$	3,573,261	\$	2,426,226	\$	1,147,035	\$	94,566
ISLAND	9	\$	956,045	\$	688,548	\$	267,497	\$	24,066
JEFFERSON	3	\$	252,701	\$	160,023	\$	92,678		N/A
KING	181	\$	66,669,112	\$	49,916,313	\$	16,752,799	\$	3,254,395
KITSAP	39	\$	8,391,622	\$	5,943,269	\$	2,448,353	\$	259,775
KITTITAS	11	\$	1,993,700	\$	1,411,484	\$	582,216	\$	32,177
Klickitat	4	\$	594,574	\$	435,425	\$	159,149	\$	15,022
LEWIS	23	\$	2,813,819	\$	1,904,381	\$	909,438	\$	61,340
MASON	10	\$	2,078,187	\$	1,488,988	\$	589,199	\$	89,989
OKANOGAN	6	\$	762,930	\$	495,457	\$	267,473	\$	2,013
PACIFIC	7	\$	1,030,007	\$	677,753	\$	352,254	\$	87,713
PEND OREILLE	2	\$	68,688	\$	43,652	\$	25,036		N/A
PIERCE	120	\$	40,163,580	\$	28,911,897	\$	11,251,683	\$	1,409,505

COUNTY	# OF LICENSEES		GROSS RECEIPTS		PRIZES PAID		NET RECEIPTS		LOCAL TAX
SAN JUAN	4	\$	446,802	\$	306,746	\$	140,056	\$	1,355
SKAGIT	21	\$	3,912,077	\$	2,904,651	\$	1,007,426	\$	116,713
SKAMANIA	1	\$	58,614	\$	34,356	\$	24,258	\$	414
SNOHOMISH	84	\$	31,806,563	\$	22,682,908	\$	9,123,655	\$	1,350,754
SPOKANE	91	\$	19,777,193	\$	14,582,038	\$	5,195,155	\$	328,810
STEVENS	8	\$	420,968	\$	304,531	\$	116,437	\$	354
THURSTON	35	\$	11,951,090	\$	8,980,065	\$	2,971,025	\$	238,026
WAHKIAKUM	1	\$	21,025	\$	11,464	\$	9,561		N/A
WALLA WALLA	6	\$	878,351	\$	616,448	\$	261,903	\$	18,625
WHATCOM	19	\$	6,049,459	\$	4,358,988	\$	1,690,471	\$	72,386
WHITMAN	1	\$	10,200	\$	6,959	\$	3,241		N/A
YAKIMA	32	\$	9,023,785	\$	6,410,994	\$	2,612,791	\$	226,562

CARD ROOMS

TYPE	ACTIVE LICENSEES		GROSS RECEIPTS
House-banked	48	\$	243,465,813
Non-house-banked	277	\$	257,164,289
Total	325	\$	500,630,102

TOP 10

RANK	LICENSEE		GROSS RECEIPTS
1	Roman Casino		\$15,895,171
2	Riverside Casino		\$13,981,236
3	Great American - Everett		\$11,742,886
4	Goldie's Shoreline Casino		\$10,267,982
5	Fortune Casino - Renton		\$10,253,697
6	The Palace		\$10,077,651
7	Last Frontier		\$9,271,960
8	Great American - Tukwila		\$9,164,149
9	Casino Caribbean		\$9,021,659
10	Chips Casino - Lakewood		\$8,993,799
		Total \$	108,670,190

BY COUNTY

COUNTY	# OF LICENSEES		GROSS RECEIPTS
ASOTIN	3	\$	940,718
BENTON	15	\$	8,104,070
CLARK	8	\$	19,349,611
COWLITZ	11	\$	1,716,826
DOUGLAS	2	\$	4,216,430
FRANKLIN	1	\$	8,483,095
GRANT	8	\$	2,136,091
ISLAND	4	\$	13,960
KING	30	\$	123,157,525
KITSAP	6	\$	3,637,590
KITTITAS	6	\$	735,176
MASON	6	\$	624

COUNTY	# OF LICENSEES		GROSS RECEIPTS
PACIFIC	6	\$	6,711
PIERCE	17	\$	28,872,774
SKAGIT	6	\$	10,482
SNOHOMISH	30	\$	29,700,066
SPOKANE	21	\$	7,521,105
STEVENS	2	\$	5,400
THURSTON	9	\$	4,843,976
WALLA WALLA	3	\$	787,629
WHATCOM	10	\$	2,753,224
WHITMAN	1	\$	931,973
YAKIMA	22	\$	9,239,233

AMUSEMENT GAMES

ACTIVE LICENSEES		GROSS RECEIPTS		PRIZES PAID		NET RECEIPTS		LOCAL TAX
26	\$	45,026,611	\$	6,454,110	\$	38,572,501	\$	303,561

MANUFACTURERS, DISTRIBUTORS, FUNDRAISING EQUIPMENT DISTRIBUTORS

LICENSE TYPE	ACTIVE LICENSEES		GROSS RECEIPTS
Manufacturers, Distributors, Fundraising Equipment Distributors	88	\$	255,584,882

APPENDIX C:

NONPROFIT LICENSEES

OVERVIEW

LICENSE TYPE	ACTIVE LICENSEES		GROSS RECEIPTS		PRIZES PAID		NET RECEIPTS
Raffles	1,135	\$	17,231,576	\$	7,770,621	\$	9,460,955
Bingo	263	\$	25,111,495	\$	18,655,388	\$	6,456,107
Fundraising Events	29	\$	118,820	\$	15,897	\$	102,923
Punchboards/ Pull-tabs	197	\$	38,643,780	\$	27,696,892	\$	10,946,888
Card Rooms	102	\$	81,242	\$	42,655	\$	38,587
Amusement Games	34	\$	189,071	\$	44,073	\$	144,998
Total	1,760	\$	81,375,894	\$	54,225,526	\$	27,150,458

Chart is not inclusive of all nonprofit license types

TOP 10: RAFFLES

RANK	LICENSEE		GROSS RECEIPTS		PRIZES PAID		NET RECEIPTS
1	NRA Foundation - WA State	\$	910,915	\$	398,688	\$	512,227
2	Rocky Mountain Elk Foundation	\$	693,979	\$	257,587	\$	436,392
3	Spokane Symphony Association	\$	431,025	\$	91,357	\$	339,668
4	Thunderbird Community Sports Fdn.	\$	265,288	\$	117,987	\$	147,301
5	Rotary Club - Everett/Port Gardner	\$	209,253	\$	40,000	\$	169,253
6	Everett Youth Hockey Booster Club	\$	189,483	\$	94,752	\$	94,731
7	Seattle United FC	\$	176,620	\$	22,689	\$	153,931
8	Pacific Premier FC	\$	150,640	\$	20,569	\$	130,071
9	Olympic Memorial Hospital Fdn.	\$	148,314	\$	26,550	\$	121,764
10	Washington Premier FC	\$	131,580	\$	18,500	\$	113,080
Total		\$	3,307,097	\$	1,088,679	\$	2,218,418

TOP 10: BINGO

RANK	LICENSEE		GROSS RECEIPTS		PRIZES PAID		NET RECEIPTS
1	40 & 8 00099	\$	3,443,603	\$	2,598,997	\$	844,606
2	Seattle Junior Hockey Assoc.	\$	3,381,281	\$	2,690,743	\$	690,538
3	AmVets 00001	\$	3,147,776	\$	2,347,635	\$	800,141
4	Rotary Club - Columbia Center	\$	2,445,278	\$	1,681,771	\$	763,507
5	Sister Rebecca Berghoff Fdn.	\$	2,261,694	\$	1,496,131	\$	765,563
6	Spokane Youth Sports Assoc.	\$	2,210,247	\$	1,787,291	\$	422,956
7	American Legion 00176	\$	993,282	\$	763,829	\$	229,453
8	Westside Improvement Club	\$	536,170	\$	391,471	\$	144,699
9	FOE 02338	\$	350,733	\$	249,288	\$	101,445
10	FOE 01555	\$	346,993	\$	275,109	\$	71,884
Total		\$	19,117,057	\$	14,282,265	\$	4,834,792

TOP 10: PUNCHBOARDS AND PULL-TABS

RANK	LICENSEE		GROSS RECEIPTS		PRIZES PAID		NET RECEIPTS
1	Seattle Junior Hockey Assoc.	\$	1,263,363	\$	923,486	\$	339,877
2	American Legion 00010	\$	1,103,197	\$	864,514	\$	238,683
3	FOE 00362	\$	987,964	\$	733,342	\$	254,622
4	40 & 8 00099	\$	684,158	\$	502,798	\$	181,360
5	Rotary Club - Columbia Center	\$	633,835	\$	435,046	\$	198,789
6	American Legion 00155	\$	632,817	\$	459,691	\$	173,126
7	American Legion 00028	\$	625,880	\$	438,746	\$	187,134
8	FOE 03936	\$	618,636	\$	423,964	\$	194,672
9	FOE 02568	\$	616,803	\$	440,825	\$	175,978
10	VFW 01135	\$	604,056	\$	455,453	\$	148,603
Total		\$	7,770,709	\$	5,677,865	\$	2,092,844

APPENDIX D:

LICENSE FEE SCHEDULES

COMMERCIAL ANNUAL LICENSE FEES

LICENSE TYPE		BASE LICENSE FEE	GROSS GAMBLING RECEIPTS RATE		MAXIMUM ANNUAL LICENSE FEE
Card Games (non-house-banked)	\$	65	1.462%	\$	20,000
Card Games (house-banked)	\$	10,000	1.462%	\$	40,000
Punchboards & Pull-tabs	\$	700	1.430%	\$	13,000

NONPROFIT ANNUAL LICENSE FEES

LICENSE TYPE		BASE LICENSE FEE	GROSS GAMBLING RECEIPTS RATE		MAXIMUM ANNUAL LICENSE FEE
Amusement Games	\$ \$	65 + 65 per location	0.730%	\$	1,000
Bingo	\$	65	0.460%	\$	11,000
Card Games (house-banked)	\$	10,000	1.462%	\$	40,000
Card Games (non-house-banked)	\$	65	0.430%		\$1,000
Combination	\$	125	N/A		N/A
Fundraising Equipment Distributor	\$	270	1.430%	\$	700
Punchboards & Pull-tabs	\$	650	1.430%	\$	10,000
Raffles	\$	65	3.380%	\$	2,000
Enhanced Raffles	\$	5,000	0.430%	\$	32,000

FEES FOR OTHER BUSINESSES

LICENSE TYPE		BASE LICENSE FEE	GROSS GAMBLING RECEIPTS RATE	MAXIMUM ANNUAL LICENSE FEE
Agricultural Fair Bingo (annual permit)	\$	200	N/A	N/A
Call Centers for Enhanced Raffles	\$	4,800	N/A	N/A
Commercial Amusement Games	\$ \$	500 + 65 per location	1.130%	\$ 11,000
Distributor	\$	700	1.430%	\$ 7,000
Fundraising Event Distributor	\$	280	1.430%	\$ 1,000
Linked Bingo Prize Providers	\$	1,500	0.046%	\$ 20,000
Manufacturer	\$	1,500	1.430%	\$ 25,000
Manufacturer's Special Sales Permit	\$	250	N/A	N/A
Punchboards & Pull-tab Service Business Permit	\$	250	N/A	N/A
Gambling Service Supplier	\$	300	1.430%	\$ 7,000



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