



STATE OF WASHINGTON
GAMBLING COMMISSION

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

March Gambling Commission Meeting Minutes

Hampton Inn & Suites 4301 Martin Way E.
Olympia, WA 98516

**Public Meeting
March 15, 2018**

Commissioners Present:

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

Ex Officios Present:

Senator Steve Conway

Staff Present:

David Trujillo, Director; Amy Hunter, Deputy Director; Tina Griffin, Assistant Director; Matt Kernutt, Assistant Attorney General; Brian Considine, Legal and Legislative Manager; Julie Lies, Tribal Liaison; Heather Songer, Public Information Officer; Julie Anderson, Executive Assistant.

Executive Session Call to Order

Chair Sizemore called the March Gambling Commission Meeting to order at 10:00 a.m. and immediately went into Executive Session to discuss Tribal Negotiations, Pending Investigations and Litigation. Executive Session ended at 12:20 p.m.

Public Session Call to Order

Chair Sizemore called the business part of the Gambling Commission meeting to order at 12:35 p.m. and welcomed everyone to the Hampton Inn and Suites. Chair Sizemore reported that Executive Session ran longer than scheduled. He recognized Commissioners Stearns, Patterson, and Troyer at the table. He also recognized Chairman Jerry Iyall from the Cowlitz Gaming Commission sitting in the audience.

Chair Sizemore asked for a moment of silence to recognize law enforcement officers across the country that were lost in the line of duty.

There were 26 people in attendance.

Tab 1

Consent Agenda:

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

Commissioner Stearns seconded the Motion.

The Motion passed. 4:0

Commissioner Patterson moved to approve the Snoqualmie Class III Gaming Employees Certifications as presented in the consent agenda.

Commissioner Troyer seconded the Motion.

The Motion passed. 3:0

Commissioner Stearns abstained.

Director's Report

Director Trujillo reminded the Commissioners that nationally March is Problem Gambling Awareness Month and mentioned that Governor Inslee signed a proclamation declaring March Problem Gambling Month in Washington State. Director Trujillo highlighted a few upcoming events where Evergreen Council on Problem Gambling would be presenting awareness information. Director Trujillo introduced the newest member of the Gambling Commission, Agent in Charge, Jim Nicks and read Jim's biography and welcomed him to the agency. Director Trujillo gave a short Strategic Planning update. He mentioned that Commissioners and supervisory staff would be completing a Strengths, Weaknesses, Opportunities, and Threats (SWOT) analyses for the Strategic Planning meeting. He welcomed the audience to participate in the SWOT analyses as well, asking that they be completed by the end of the meeting. Director Trujillo gave a short update on the Fee Simplification process and the workload of agency staff. Lastly, Director Trujillo announced that Commissioner Stearns would be giving a presentation at the end of the meeting on the ICE Totally Gaming Convention and Tradeshow in London, UK.

2018 Legislative Wrap-up

Legal and Legislative Manager Brian Considine presented the legislative materials in Tab 1. Mr. Considine wrapped up the 2018 legislative session. He shared that EHB 2332, creating a self-exclusion program, passed the Senate Labor and Commerce on February 19, 2018. The Senate did not vote on this bill by the March 2nd cutoff and it will not be passed into law this year.

Mr. Considine spoke about the problem gambling work session in the House Commerce and Gaming Committee that was held on February 19, 2018. Suquamish Tribal Chair Leonard Forsman and Vice-Chair for the Washington Indian Gaming Association; Dr. Ty Lostutter, Assistant Director, University of Washington Psychology Internship Program and Board President, Evergreen Council on Problem Gambling; Maureen Greeley, Executive Director, Evergreen Council on Problem Gambling; Ann Gray, Problem Gambling Program Manager, DSHS; Dr. Charles Maurer, Board Member Emeritus, Evergreen Council on Problem Gambling; Donna Whitmire, Clinician, A Renewal Center; and Susan Harris Assistant Administrator/Clinician, Free by the Sea Residential Treatment Center, were panelists that presented to the Committee. Commissioner Patterson, Commissioner Stearns, and Director Trujillo also participated. Mr. Considine thanked Ann Gray [who was present in the audience] for sharing her very personal story with gambling addiction.

Mr. Considine shared that HB 2881 criminalizes the operation of an online website or platform that facilitates, or is used to facilitate, an unauthorized gambling activity. The Public Safety Committee held a hearing on January 30th, but the bill did not make it out of the Committee.

Mr. Considine said that SB 6266 identifies the use of video game “loot boxes” as a topic that the Commission should investigate and determine if it is gambling. The Labor and Commerce Committee held a hearing on January 31st and passed the bill out of Committee to Senate Rules on February 1st. The bill did not make it out of Rules by the March 2nd deadline.

Mr. Considine shared that HB 2718 addresses civil forfeiture standards and reporting. The bill’s new reporting requirement is the only section that impacts the agency. The bill passed out of the House on February 13th 95-3. The bill did not make it out of Rules by the March 2nd deadline.

Mr. Considine said legislators and stakeholders appear to have reached an agreement on I-940, and Representatives Goodman and Hayes’s SHB 3003 is the compromise on I-940. He mentioned the most relevant parts to our agents are: (1) The deadly force standard is changed to a better “objective reasonable officer standard;” (2) Training and first aid requirements are amended to provide more reasonable standards in these areas; (3) the notification requirement for a tribal member’s death is streamlined to provide that an agency must notify the Governor’s Office on Indian Affairs within at least 24-hours after a tribal member has died as a result of law enforcement use of deadly force; and (4) a new requirement for the State to reimburse a law enforcement officer for reasonable costs of her or his defense when the officer is charged and found not guilty or charges dismissed by reason of justifiable homicide or use of deadly force, or by reason of self-defense. I-940 cannot be amended by the Legislature and can only be passed as it is written. If it is not passed in whole, then it will go to the November 2018 general election ballot. Therefore, the legislative plan is for the Legislature to pass I-940 by Thursday, March 8th and then also pass HB 3003 as a “trailer bill.” This would effectively amend I-940 with the above changes once it becomes law. If successful, this plan would implement the compromise without requiring the initiative language to be on the November 2018 general election ballot.

Mr. Considine mentioned that HB 2299 and SB 6032, both the House and Senate supplemental operating budgets contain an appropriation for a problem gambling study. The Senate appropriates \$50,000 from the general fund for a problem gambling study. The House attempts to appropriate \$100,000 from the gambling revolving account for a problem gambling study. Mr. Considine is working with Gambling Commission ex officio members, stakeholders, and the budget writers on new language to reconcile the two different approaches. The Gambling Commission is requesting \$100,000 general fund appropriation and a \$50,000 Lottery fund appropriation for a problem gambling study. These funds could only be used if the Commission secured a matching \$150,000 in funding that it provides or a combination of funds from the gambling revolving account and outside funds from governmental or private organizations.

Mr. Considine shared an update on HB 2611, concerning the privilege for peer support group counselors. Representative Barkis’ HB 2611 establishes a testimonial privilege for certain communications made by a limited authority law enforcement officer to a peer support group counselor while receiving counseling. This bill provides helpful clarification for the agency in its use of peer support groups when a critical incident occurs. This bill was passed out of the House on February 13th 98-0 and the Senate passed it on February 28th 49-0. It is expected to go to the Governor’s office for signature on or before March 8th.

Lastly, Mr. Considine recognized that Commissioner Sizemore and Commissioner Patterson are now confirmed. He did explain that due to the back log of confirmations, likely, Commissioner Troyer and Commissioner Stearns will have to wait until 2019 for their confirmation.

Commissioner Patterson reminded Commissioners and staff that the Gambling Commission had spoken about putting together a Problem Gambling Task Force for 2019. She stated that it is helpful to start to educate the legislature around problem gambling. And, she said that there is a need to continue to educate the legislature. She urges that the Gambling Commission work with the Senate and Chair Keiser to have the same work session in the Senate, either in the interim or at the beginning of next session.

Commissioner Patterson also asked about the language for the problem gambling study and Mr. Considine indicated there were some changes to the language based on stakeholder input, but the focus and scope of the study remained unchanged.

Tab 2

Defaults

Legal and Legislative Manager, Brian Considine presented the materials for Tab 2.

Chair Sizemore asked if Mr. Travis E. Carroll was in the audience. He was not.

Commissioner Patterson moved to revoke the Class III Certification for Travis E. Carroll.

Commissioner Stearns seconded the Motion.

The Motion passed. 4:0

Tab 3

Presentation- Licensing Unit

Special Agent, Julie Sullivan presented a short PowerPoint Presentation on the Licensing Unit. Special Agent Sullivan started at the Gambling Commission as the Receptionist in 2001 and then was promoted in 2006 as Special Agent. The Licensing Unit is often the first point of contact for the public and Customer Service is very important to the Licensing Unit. She highlighted the amount of the license applications that are received and processed through the Licensing Unit each month. She also mentioned the close working relationship the Licensing Unit has with the Tribal Gaming Agency Licensing colleagues.

Public Comment: Dick Kellogg, Director of Cowlitz Tribal Gaming Agency applauded Ms. Sullivan and her staff for their help during the opening of the Cowlitz ilani Casino.

Tab 4

Staff Request for Rule Change/Fee Simplification (Package #5)

Assistant Director (AD) Griffin presented the materials for Tab 4. This package is the fifth package brought forward to make changes to the Commission's licensing fee structure.

Licenses must report their gross gambling receipts on their quarterly license reports and submit a quarterly license report for each quarter they hold a license even if they have paid their annual maximum license fee. Staff recommends filing for further discussion with an effective date of July 1, 2018.

Public Comment: There was no public comment.

Commissioner Patterson moved to file the Fee Simplification package #5 as presented by staff with an anticipated effective date of July 1, 2018.

Commissioner Stearns seconded the Motion.

The Motion passed. 4:0

Tab 5

Petition for New Rules/Pre-Shuffled Cards

AD Griffin presented the materials for Tab 5. Mr. McNutt requested a rule change to allow pre-shuffled cards to be used in the card game mini-baccarat. Staff requested additional rule changes to ensure the integrity of the pre-shuffled card manufacturing process. Staff recommended filing for further discussion.

Chair Sizemore asked about the card usage and if the cards would be used for multiple games. Mr. McNutt explained that the cards are only used once and then discarded.

Public Comment: There was no public comment.

Commissioner Stearns move to file the rule changes as presented by staff.

Commissioner Patterson seconded the Motion.

The Motion passed. 4:0

Tab 6

Petition for Rule Change/Soft Count

AD Griffin presented the materials for Tab 6. The petitioner is requesting a rule change to the Commission's soft count rules to allow two people to conduct a soft count if the licensee uses an automated bill counter. Automated bill counter rules would require the automated bill counter to have at least a full-color, touch-screen display which allows operators to change pocket configurations and switch operating modes easily. This screen must be visible from surveillance for the full duration of the count. In addition, the counters must have the; ability to provide a printout of total bill and dollar amounts counted per drop box and the ability to provide a printout of total bill and dollar amounts counted for the complete drop. Revised counting procedures can be used when using the automated bill counter.

Staff recommends accepting the petition and initiating rule-making as requested by the petitioner.

Public Comment: There was no public comment.

Commissioner Patterson moved to accept the petition and initiate rule-making proceedings for the rules identified by staff.

Commissioner Stearns seconded the Motion.

The Motion passed. 4:0

The Commission skipped Tab 7 until 2:30

Tab 8

Staff Request for Rule Changes/Fee Simplification (Package #3)

AD Griffin presented the materials for Tab 8, the third fee simplification package. Staff recommends final action.

Public Comment: There was no public comment.

Commissioner Patterson moved to approve Fee Simplification Package #3 as presented by staff, with an effective date of May 1, 2018.

Commissioner Stearns seconded the Motion.

The Motion passed. 4:0

Tab 9

Staff Request for Rule Changes/Fee Simplification (Package #4)

AD Griffin presented the materials for Tab 9, the fourth fee simplification package. Staff recommends final action.

Commissioner Patterson moved to approve Fee Simplification Package #4 as presented by staff, with an effective date of May 1, 2018.

Commissioner Stearns seconded the Motion.

The Motion passed 4:0

[Commissioner Troyer and Senator Conway left the meeting at 2:15 and did not return. The Commission took a 20 minute break until 2:30].

Tab 7

Petition for Rule Change/Gambling Promotion

AD Griffin presented the materials for Tab 7. The petitioner Mr. Dennis Korthouwer joined the meeting via conference call at 2:35 pm. The Commissioner watched an informative video that the petitioner provided.

Public Comment: Richard Proctor, Great American Gaming Corporations gave public comment saying he would be in favor of exploring this further.

Commissioner Stearns is unclear as what the petitioner is asking for. **Commissioner Patterson** asked if this was a promotion. Commissioner Patterson also stated that she didn't feel prepared to make a decision at the meeting. Therefore she made the recommendation to table the petition until the April meeting.

Commissioner Patterson moved to table the petition for the rule change/gambling promotion until the April 12 Commission meeting.

Commissioner Stearns seconded the motion.

The Motion Passed 3:0.

Tab 10

Request to exceed raffle prize limits – Rocky Mountain Elks

AD Griffin presented the materials for Tab 10. Rocky Mountain Elk Foundation is requesting permission to exceed the \$300,000 total prize limit for their license year ending December 31st, 2018. Rocky Mountain Elk presented in June 2017 asking permission to exceed the \$300,000 raffle prize limit for their license year that ran from February 26th, 2017 through February 27th, 2018. And at that time in July, the Commission approved them to offer raffle prizes up to 400,000 during that license year, and the Commission also requested that they come back at the beginning of their next license year to get approval for that license year. Rocky Mountain Elks

new license year started February 28th of 2018. Their new license year is shorter due to it ending now on December 31st, 2018. This is a result of the new fee structure. The Gambling Commission is moving all licensees so their license expires on a quarter. AD Griffin was joined at the table by Mr. Dougherty, Rocky Mountain Elk Foundation. **Mr. Dougherty** presented the Commissioners with a packet of information on how the fundraising to volunteers have impacted the state natural resources. **Commissioner Patterson** asked if Mr. Dougherty had an idea of how much fund raising or donated prizes would occur in 2018. **Mr. Dougherty** explained that an anticipated amount to meet the requested amount of \$400,000.

Public Comment: There was no public comment.

Commissioner Patterson moved to approve the Licensee to exceed the \$300,000 annual raffle prize limit for their license year, but they are not to exceed \$400,000.

Commissioner Stearns seconded the motion.

The Motion Passed. 3:0

Other Business/General Discussion/Public Comment

Chair Sizemore reminded the audience that the April Commission meeting would be in Vancouver Washington on April 12 & 13. He reminded everyone that the second day of the upcoming meeting would be dedicated to the Strategic Planning of the agency and that the public was welcome but would not be participating in the discussion. He also reminded everyone to keep an eye on the website for more details.

No further public comment.

Commissioner Stearns shared a PowerPoint of his trip to the ICE Totally Gaming Convention and Tradeshow in London, UK. Commissioner Stearns noted that he paid for this trip personally.

The Commission meeting adjourned at 3:45 pm.