# PUBLIC MEETING

<table>
<thead>
<tr>
<th>Tab 1 10:00 AM</th>
<th>Call to Order</th>
<th>Bud Sizemore, Chair</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Welcome and Introductions</td>
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<tr>
<td></td>
<td>• Moment of Silence</td>
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</tr>
<tr>
<td>Consent Agenda</td>
<td>(Action)</td>
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</tr>
<tr>
<td></td>
<td>January 9, 2020 Commission Meeting Minutes</td>
<td></td>
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<tr>
<td></td>
<td>*New Licenses and Class III Employees</td>
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<tr>
<td>Director’s Report</td>
<td></td>
<td>David Trujillo, Director</td>
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<table>
<thead>
<tr>
<th>Tab 2</th>
<th>RULES UP FOR DISCUSSION AND POSSIBLE FILING</th>
<th>Ashlie Laydon, Rules Coordinator</th>
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<tbody>
<tr>
<td></td>
<td>*Staff Proposed Rule-Making (Action)</td>
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<tr>
<td></td>
<td>• WAC 230-05-124 Quarterly license fees and Quarterly license reports.</td>
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<thead>
<tr>
<th>Tab 3</th>
<th>RULES UP FOR DISCUSSION AND POSSIBLE FILING</th>
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<tr>
<td></td>
<td>*Staff Proposed Rule-Making (Action)</td>
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<tr>
<td></td>
<td>• WAC 230-06-155- Defining “gross sales”</td>
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<td></td>
<td>• WAC 230-06-160- Defining “net gambling receipts”</td>
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<td></td>
<td>• WAC 230-06-165- Defining “net gambling income”</td>
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<td>• WAC 230-06-175- Defining “cost”</td>
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<table>
<thead>
<tr>
<th>Tab 4</th>
<th>RULES UP FOR DISCUSSION AND POSSIBLE FILING</th>
<th>Ashlie Laydon, Rules Coordinator</th>
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<tbody>
<tr>
<td></td>
<td>Petition for Rule Change (Action)</td>
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<td></td>
<td>• Commercial Gambling, Johnboy Buyak</td>
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<table>
<thead>
<tr>
<th>Tab 5</th>
<th>2020 Legislative Update</th>
<th>Brian Considine, Legal and Legislative Manager</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Executive Session - Closed to the Public (Action)</td>
<td>Bud Sizemore, Chair</td>
</tr>
<tr>
<td></td>
<td>Discuss agency enforcement actions, litigation and potential litigation with legal counsel, including tribal negotiations.</td>
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</tbody>
</table>

| Lunch 12:00-2:00 | Public Comment | |
|------------------|----------------| |
| Adjourn | | |

Upon advance request, the Commission will pursue reasonable accommodations to enable persons with disabilities to attend Commission meetings. Questions or comments pertaining to the agenda and requests for special accommodations should be directed to Julie Anderson, Executive Assistant at (360) 486-3453 or TDD (360) 486-3637. Questions or comments pertaining to rule changes should be directed to the Ashlie Laydon, Rules Coordinator (360) 486-3473.

Please silence your cell phones for the public meeting.
Public Meeting Call to Order
Chair Sizemore called the Gambling Commission meeting to order at 10:02 a.m. and welcomed everyone to the Hilton Garden Inn. Chair Sizemore acknowledged a moment of silence to recognize law enforcement officers who were lost in the line of duty since our last meeting.

There were 20 people in the audience.

Tab 1
Commissioner Patterson moved to approve the consent agenda as presented by staff. Commissioner Levy seconded the motion. The motion passed 4:0

Director’s Report
Director Trujillo announced the first Problem Gambling Task Force meeting on January 6, 2020 and approximately 30 people attended. Senator Steve Conway and Representative Shelley Kloba represented the Gambling Commission, and were joined by tribal representatives, elected officials, regulatory officials and behavioral health experts. They discussed an overview of the state’s problem gambling program, a clinical overview, and treatment provider certification. They also had a sports wagering and self-exclusion discussion. Commissioner Julia Patterson agreed to chair the Problem Gambling Task Force and their next meeting is scheduled for April 20, 2020.

Commissioner Patterson mentioned that the Problem Gambling Task Force (PGTF) is planning to take a comprehensive look at treatment and prevention, as well as funding. Commissioner Patterson also mentioned that the preliminary report should be available within a year and the
final report should take another six months. The PGTF will keep the Commission up-to-date at their regularly scheduled meetings.

Tab 2
Staff-Proposed Rule Making
Ashlie Laydon, Rules Coordinator presented the materials for this tab. In 2017-18, Ms. Laydon explained that the Gambling Commission amended its rules to simplify its reporting and licensing fee structure. After a year of implementation, Gambling Commission staff reviewed the rules and believe there are some changes and modifications needed to the new fee reporting structure.
Staff recommends filing the proposed language for further discussion.

Commissioner Patterson moved to approve the proposed language as proposed by staff for further discussion.
Commissioner Troyer seconded the motion.
The motion passed. 4:0

Tab 3
Staff-Proposed Rule Making
Ashlie Laydon, Rules Coordinator presented the materials for this tab. Ms. Laydon explained that in 2017-18, the Gambling Commission amended its rules to simplify its licensing fee structure. All licensees have now completed the transition from the old fee structure to the new fee structure. As a result, the rules related to the old fee structure are no longer relevant and should be repealed.
These rules are:

- WAC 230-05-001 – Prorating or refunding of fees.
- WAC 230-05-005 – Fees for review of gambling equipment, supplies, services, or games.
- WAC 230-05-010 – Returned payments.
- WAC 230-05-016 – Exceeding license class.
- WAC 230-05-017 – Failing to apply for license class upgrade.
- WAC 230-05-018 – Partial refund of license fees if gambling receipts limit not met.
- WAC 230-05-020 – Charitable or nonprofit organization fees.
- WAC 230-05-025 – Commercial stimulant fees.
- WAC 230-05-030 – Fees for other businesses.
- WAC 230-05-035 – Individuals license fees.

She also explained that the Gambling Commission amended its rules to simplify its reporting structure. All licensees have now completed the transition from activity reporting to quarterly license reporting. As a result, the following rules related to activity reporting are no longer relevant and should be repealed:

- WAC 230-05-102 – All licensed organizations report activity quarterly beginning with the July 1, 2018, through September 30, 2018, quarter.
- WAC 230-06-124 – Online filing required with waivers available upon request for good cause.
- WAC 230-06-150 – Defining “gross gambling receipts.”
• WAC 230-07-155 – Reporting annual activity for raffles, enhanced raffles, amusement games, Class A, B, or C bingo, or combination licenses.
• WAC 230-07-160 – Reporting annual activity for agricultural fairs.
• WAC 230-09-056 – Activity reports for fund-raising events.
• WAC 230-10-331 – Activity reports for Class D and above bingo licensees.
• WAC 230-10-457 – Activity reports for linked bingo prize providers.
• WAC 230-13-169 – Annual activity reports for commercial amusement game licensees.
• WAC 230-14-284 – Activity reports for punch board and pull-tab licensees.
• WAC 230-15-205 – Card tournament licenses.
• WAC 230-16-220 – Activity reports by manufacturers and distributors.
• WAC 230-11-095 – Recordkeeping requirements for licensees with gross gambling receipts of fifty thousand dollars or less in their previous license year and unlicensed raffles.

Staff recommends filing this proposal for further discussion.

Commissioner Patterson moved to approve the proposed rule repeals as proposed by staff for further discussion.
Commissioner Levy seconded the motion.
The motion passed. 4:0

Tab 4
Staff-Proposed Rule Making
Ashlie Laydon, Rules Coordinator presented the materials for this tab. Ms. Laydon reported that at the October 2019 commission meeting, staff provided a raffle work session for the Commission. Ms. Laydon explained that rule changes were recommended to the Commission and staff were directed to prepare a summary of those recommendations. Public notice went out asking for public feedback and input from stakeholders and staff regarding potential rule changes that could be proposed to assist nonprofit organizations. After discussing some of the obstacles nonprofits face when conducting raffles, staff proposes amending the following rules in regards to alternative drawing formats, and bundling and selling tickets at a discount. Staff also proposes adopting rules in regards to progressive raffles, such as “Joker Poker.” Staff recommends initiating rule-making to amend current raffle rules and potentially adopt new raffle rules.

Commissioner Patterson moved to initiate rule-making to amend our raffle rules as proposed by staff.
Commissioner Levy seconded the motion.
The motion passed. 4:0

Tab 5
Staff-Proposed Rule Making
Ashlie Laydon, Rules Coordinator presented the materials for this tab. Ms. Laydon explained that the Gambling Commission has received over 160 public records requests in 2019 alone. Rule-making is needed to address the growing costs associated with requests, and would be consistent with the guidelines established by the Legislature. Staff recommends initiating rule-making to adopt rules to charge the default amounts for processing public records requests.
Commissioner Patterson moved to initiate rule-making to amend our public disclosure request rules to include costs for processing public disclosure requests as proposed by staff.
Commissioner Levy seconded the motion.
The motion passed 4:0

Public Comment
Chair Sizemore asked for public comments on all the rules presented. Dallas Burnett, Director of Squaxin Island Gaming, said he was in favor of the proposed rule-making to amend the public disclosure request rules to include costs.

There was no other public comment.

Tab 6
Defaults
Adam Teal, Staff Attorney, presented the materials for this tab.

Jalon Carter, Public Card Room License Revocation.
Chair Sizemore asked if Jalon Carter was in the audience. He was not.

Commissioner Levy moved to approve the final order and revoke the license of public card room employee Jalon Carter.
Commissioner Patterson seconded the motion.
The motion passed 4:0.

Gabriel Tudorache, Class III Employee Certification Revocation.
Chair Sizemore asked if Gabriel Tudorache was in the audience. He was not.

Commissioner Patterson moved to approve the final order and revoke the Class III employee certification of Gabriel Tudorache.
Commissioner Troyer seconded the motion.
The motion passed. 4:0.

Puget Sound Flyers, Raffle Licensee Revocation.
Chair Sizemore asked if a representative from Puget Sound Flyers was in the audience. They were not.

Commissioner Levy moved to approve the final order and revoke the raffle license of Puget Sound Flyers.
Commissioner Patterson seconded the motion.
The motion passed. 4:0.
Tab 7

2020 Legislative Update

Brian Considine, Legal and Legislative Manager (LLM), presented the materials for this tab. Commissioners and LLM Considine discussed the 2020 upcoming session and several pre-filed bills. HB 2280 and SB 6119 are the agency request bills to amend the money laundering forfeiture act. HB 2281 and SB 6120 are the agency request bills to amend the nonprofit qualifications statute in the Gambling Act. HB 2261 and HB 2219 are sports board bills sponsored by Representative Eslick. Commissioners had questions about the difference between the bills. HB 2216 raises the per square wager limit to five dollars and number of boards per event to two. HB 2219 gives the Gambling Commission the authority to adopt rules to set sport board per square wager limits and number of sport boards per event. Commissioners remained neutral on both bills.

HB 1159 and SB 5248 amends the definition of theft in the criminal code. The agency supported the bills last year and commissioners continued to support the bills during the 2020 session.

LLM Considine briefed the commissioners on the possibility of new sports gambling bills. There are two likely sports gambling bills – a tribal-only bill and a card room bill supported by Maverick Gaming. The commissioners discussed the policies that will likely be addressed in both bills. The commissioners decided to remain neutral on any sports gambling bill since it is the Legislature’s purview to authorize a new gambling activity and decide who may offer the activity. However, the commissioners did declare that any sports gambling bill should cover five areas: (1) Licensing and Regulation; (2) Agency Funding; (3) Money Laundering and Criminal Enforcement; (4) Sports and Gambling Integrity; (5) Responsible and Problem Gambling. The commissioners stated that they believe these five pillars are necessary for any sports gambling bill because they ensure that the agency can effectively regulate sports gambling if it is authorized.

Public Comment
There was no more public comment.

Chair Sizemore announced that the next meeting will be held at the Hilton Garden Inn on February 13, 2020, and that no further public business would be discussed after Executive Session.

Executive Session
Chair Bud Sizemore announced that the Commission would take a short break for executive session at 12:15 p.m. to discuss pending criminal investigations, tribal negotiations and litigations. He announced that the meeting would reconvene at 2:00 p.m.

The meeting adjourned at 2:15 p.m.
# Washington State Gambling Commission
## Pre-Licensing Report
### Manufacturer

## Part I
### Licensing/Organization Information

<table>
<thead>
<tr>
<th>Type of Approval</th>
<th>Premises/Trade Name/Address</th>
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<tr>
<td>Manufacturer License</td>
<td>The United States Playing Card Company</td>
</tr>
<tr>
<td></td>
<td>300 Gap Way</td>
</tr>
<tr>
<td></td>
<td>Erlanger, KY 41018</td>
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### Date of Application
- August 9, 2019

### APPLICANT INFORMATION

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<thead>
<tr>
<th>Name</th>
<th>License Application #</th>
<th>Business Phone #</th>
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<tr>
<td>The United States Playing Card Company</td>
<td>20-00267</td>
<td>(659) 815-7300</td>
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<table>
<thead>
<tr>
<th>Address</th>
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<tr>
<td>300 Gap Way</td>
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<td></td>
</tr>
<tr>
<td>Erlanger, KY 41018</td>
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### ACTIVE LICENSES ISSUED BY GAMBLING COMMISSION

<table>
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<tr>
<th>Description/Class</th>
<th>Exp. Date</th>
<th>License Number(s)</th>
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<tr>
<td>Manufacturer License</td>
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## COMMISSION STAFF

<table>
<thead>
<tr>
<th>Licensing Specialist</th>
<th>Special Agents</th>
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<tbody>
<tr>
<td>Cathee Gottfryd</td>
<td>Julie Sullivan</td>
</tr>
<tr>
<td></td>
<td>Donna Khanhasa</td>
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## Background/Structure

### General Information:

The United States Playing Card Company (USPCC) is a manufacturer of playing cards. They have been licensed with us and in good standing since 2003. At the end of 2019, USPCC was acquired by Carta Mundi Inc, part of the Cartamundi Group. This was a 100% stock purchase. Because the transaction resulted in a new substantial interest holder in the licensee, USPCC applied for a new license in accordance with WAC 230-06-108.
### Organizational/Ownership Structure:

#### The United States Playing Card Company

<table>
<thead>
<tr>
<th>Title</th>
<th>Name</th>
<th>Ownership %</th>
</tr>
</thead>
<tbody>
<tr>
<td>President, Treasurer</td>
<td>Michael Slaughter</td>
<td>0</td>
</tr>
<tr>
<td>Secretary</td>
<td>Istvan Lagaert</td>
<td>0</td>
</tr>
<tr>
<td>Director</td>
<td>Stefaan Merckx</td>
<td>0</td>
</tr>
<tr>
<td>Shareholder</td>
<td>USPC Holding, Inc.</td>
<td>100%</td>
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#### USPC Holding, Inc.

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<th>Name</th>
<th>Ownership %</th>
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<tbody>
<tr>
<td>President, Treasurer</td>
<td>Michael Slaughter</td>
<td>0</td>
</tr>
<tr>
<td>Secretary</td>
<td>Istvan Lagaert</td>
<td>0</td>
</tr>
<tr>
<td>Director</td>
<td>Stefaan Merckx</td>
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<tr>
<td>Shareholder</td>
<td>Bicycle Holding, Inc.</td>
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#### Bicycle Holding, Inc.

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<tr>
<td>President, Treasurer</td>
<td>Michael Slaughter</td>
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<tr>
<td>Secretary</td>
<td>Istvan Lagaert</td>
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<tr>
<td>Director</td>
<td>Stefaan Merckx</td>
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<tr>
<td>Shareholder</td>
<td>Carta Mundi Inc.</td>
<td>100%</td>
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<td><strong>TOTAL</strong></td>
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#### Carta Mundi Inc.

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<thead>
<tr>
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<tr>
<td>CEO</td>
<td>Stefaan Merckx</td>
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<tr>
<td>CFO</td>
<td>Istvan Lagaert</td>
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<tr>
<td>EVP</td>
<td>Philip Wauters</td>
<td>0</td>
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<tr>
<td>Shareholder</td>
<td>Cartamundi NV</td>
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<td><strong>TOTAL</strong></td>
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#### Cartamundi NV

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<tr>
<td>Director</td>
<td>Emile de Cartier de Marchienne</td>
<td>0</td>
</tr>
<tr>
<td>Director</td>
<td>Jean-Louis de Cartier de Marchienne</td>
<td>0</td>
</tr>
<tr>
<td>Director</td>
<td>Dimitri de Somer</td>
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</tr>
<tr>
<td>Director</td>
<td>Frédéric de Somer</td>
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<tr>
<td>Director</td>
<td>Pierre Bosseloo</td>
<td>0</td>
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<tr>
<td>Shareholder</td>
<td>Van Genechten NV</td>
<td>49.98%</td>
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<td>Brepols Group NV</td>
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### Van Genechten NV

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<tr>
<td>Director</td>
<td>Dimitri de Somer</td>
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<td>Director</td>
<td>John de Somer</td>
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<tr>
<td>Director</td>
<td>Philippe de Somer</td>
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<tr>
<td>Director</td>
<td>Frédéric de Somer</td>
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<td>Director</td>
<td>Jean Désiré de Somer</td>
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<tr>
<td>Shareholder</td>
<td>Stichting Aquila</td>
<td>52.7%</td>
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<td>Misc. (&lt;10% diluted)</td>
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### Stichting Aquila

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<td>Director</td>
<td>Philippe de Somer</td>
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<td>Misc. (&lt;10% diluted)</td>
<td>53.84%</td>
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### Brepols Group NV

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<tbody>
<tr>
<td>Director</td>
<td>Emile de Cartier de Marchienne</td>
<td>0</td>
</tr>
<tr>
<td>Director</td>
<td>Jean Louis de Cartier de Marchienne</td>
<td>0</td>
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<tr>
<td>Director</td>
<td>Paul de Jongh</td>
<td>0</td>
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<tr>
<td>Shareholder</td>
<td>Line-Management BVBA</td>
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<td>ASSaPP NV</td>
<td>39.77%</td>
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### Line-Management

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<tr>
<td>Director</td>
<td>Emile de Cartier de Marchienne</td>
<td>90%</td>
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<tr>
<td>Director</td>
<td>Christian Deudon de le Vielleuze</td>
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<tr>
<td>Director</td>
<td>Martin de Cartier de Marchienne</td>
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<tr>
<td>Shareholder</td>
<td>Misc. (&lt;10% diluted)</td>
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<tr>
<td><strong>TOTAL</strong></td>
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### ASSaPP NV

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<tr>
<td>Director</td>
<td>Jean-Louis de Cartier</td>
<td>0</td>
</tr>
<tr>
<td>Director</td>
<td>Elisabeth Laloux</td>
<td>0</td>
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<tr>
<td>Shareholder</td>
<td>ESPPAS SDC</td>
<td>99.98%</td>
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<tr>
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<td>Misc. (&lt;10% diluted)</td>
<td>0.02%</td>
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### ESPPAS SDC

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<th>Ownership %</th>
</tr>
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<tr>
<td>Director</td>
<td>Jean-Louis de Cartier</td>
<td>84.31%</td>
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<td>Misc. (&lt;10% diluted)</td>
<td>15.69%</td>
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</table>
Affiliated Company:

The Cartamundi Group is a leading manufacturer of playing cards, trading cards and board games throughout the world. They have been manufacturing playing cards since 1765; their games are sold in more than 185 countries. They plan to keep the manufacturing of playing cards for casinos in Washington State at the USPCC level.

Other Jurisdictions Licensed:

The Cartamundi Group is not licensed in any jurisdiction in the United States, however, the USPCC has been licensed throughout North America.

Part II
Licensing Investigations Summary

Special Agents from the Commission’s Licensing Unit conducted a criminal history and financial investigation focusing on funding sources and beneficiaries for suitability in accordance with RCW 9.46 and WAC 230. Staff went on-site to Turnhout, Belgium, to conduct their investigation, which included verifying the ownership structure, reviewing financial and business records, and conducting interviews. The investigation found:

- No unreported people or businesses involved (i.e. substantial interest holders);
- No undisclosed ownership or undisclosed involvement in other activities/businesses;
- No disqualifying administrative history;
- All funding sources were disclosed; and
- All substantial interest holders qualify to hold a license.

Source of Funds:

The company’s source of funds for the purchase of USPCC was bank loans from regulated financial institutions.

Part III
Staff Recommendations

Based upon the criminal history and financial background investigations, staff recommends licensing The United States Playing Card Company with a manufacturer license.

Prepared By
Jennifer LaMont, Agent in Charge Licensing Unit

Signature

Date 1/31/2020
# Current House-Banked Locations Operating

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COMMISSION APPROVAL LIST
(New Licenses & Class III Gaming Employees)
February 2020

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Based upon the licensing investigations, staff recommends approving all new Licenses and Class III employees listed on pages 1 to 19.
### NEW APPLICATIONS

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# NEW APPLICATIONS

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### NEW APPLICATIONS

#### CLASS III GAMING EMPLOYEE

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# NEW APPLICATIONS

## CLASS III GAMING EMPLOYEE

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NEW APPLICATIONS

**CLASS III GAMING EMPLOYEE**

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NEW APPLICATIONS

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MILLER, ALEC V  69-48102
SCHULER, KIMBERLY R  69-48109
SIMON, STEPHANIE  69-48108

CORLESS, MARJOREE J  69-20389
MICHEAUX, RENEE J  69-48107
NELSON, DEIRDRA R  69-48105
SIMON, SCOTT A  69-48106
WILLIAMS, MATTHEW P  69-48197

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BROWN, MARY ANN  69-48112
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CLASS III GAMING EMPLOYEE

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69-48089

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69-48149

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69-48129

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69-48204

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69-48206

JOHNSON, STEPHEN J
69-48205

PELLLOW, NORA L
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SHABANI, DELARAM
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STONER, DEANNA L
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DEBRUM, CHRISTIANA
69-39112

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69-07188

BRYANT, ANTHONY L
69-48132

CARROLL, JAMELL J
69-48196

CLEVELAND, BRENT G
69-26020

D'ARCIS, JESSICA E
69-48078

DAWSON, JEREMIAH T
69-48133
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69-48152

HOPPE, JOSHUA A  
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69-48077

MARTINEZ, JESSICA D  
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SAWYER, ADRIAN R  
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SCHROYER, MICHAEL S  
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VALDEZ, ESTHER M  
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WALLACE, CORBY J  
69-48172

UPPER SKAGIT INDIAN TRIBE

AVALOS, STACY D  
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CREASE, JILLIANNA M  
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MITCHELL, THOMAS S  
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Staff Proposed Rule-Making
WAC 230-05-124 – Quarterly license reports and quarterly license fees.

February, 2020 – Discussion and Possible Filing
October, 2020 – Initiate Rule-Making

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<td>Washington State Gambling Commission Staff</td>
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<td><strong>Background</strong></td>
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<td><strong>BOLD = Updated information since October, 2019 Commission meeting.</strong></td>
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<td>In 2017-18, the Gambling Commission amended its rules to simplify its reporting and licensing fee structure. <strong>After a year of implementation, staff proposes amending the received dates in WAC 230-05-124, Quarterly license reports and quarterly license fees, to not only be consistent with the last date of the month but to also be consistent with received dates of other state agencies as well.</strong></td>
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<td><strong>Stakeholder Feedback</strong></td>
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<td><strong>A review of our records found that many licensees who filed late quarterly license reports over the past year, did so by only a day, therefore changing this date to be consistent with the end of the month may help to improve compliance rates.</strong></td>
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<td><strong>Staff Recommendation</strong></td>
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<td><strong>Staff recommends filing the proposed language for further discussion.</strong></td>
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</tbody>
</table>
Quarterly license fees and quarterly license reports. All licensed organizations must submit quarterly license fees and quarterly license reports fees to us for each licensed gambling activity beginning with the first quarter of their license year. The quarterly license fee is due with the quarterly license report.

The quarterly license reports must be in the format we require and must:

(1) Cover the period:

<table>
<thead>
<tr>
<th>Period</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 1 through March 31</td>
<td>April 30</td>
</tr>
<tr>
<td>April 1 through June 30</td>
<td>July 31</td>
</tr>
<tr>
<td>July 1 through September 30</td>
<td>October 31</td>
</tr>
<tr>
<td>October 1 through December 31</td>
<td>January 31</td>
</tr>
</tbody>
</table>

(2) Be received online at our administrative office or postmarked no later than the dates indicated in the table in subsection (1) of this section; and

(3) Be submitted even if there is no quarterly license fee payable to us; and

(4) Be accurate; and

(5) Be completed by the highest ranking executive officer or a designee. If someone other than the licensee or an employee
prepares the report, the preparer must include his or her name and business telephone number on the report; and

(6) Be submitted for any period of time the license was valid, even if there was no gambling activity or the gambling license was not renewed.

[Statutory Authority: RCW 9.46.070. WSR 18-05-026, § 230-05-124, filed 2/9/18, effective 5/1/18.]
Staff Proposed Rule-Making

- WAC 230-06-155- Defining “gross sales.”
- WAC 230-06-160- Defining “net gambling receipts.”
- WAC 230-06-165- Defining “net gambling income.”
- WAC 230-06-175- Defining “cost.”

February, 2020 – Initiation of Rule-Making

<table>
<thead>
<tr>
<th>Tab 3: FEBRUARY, 2020 Commission Meeting Agenda.</th>
<th>Statutory Authority 9.46.070</th>
</tr>
</thead>
<tbody>
<tr>
<td>Who Proposed the Rule Change?</td>
<td></td>
</tr>
<tr>
<td>Washington State Gambling Commission Staff</td>
<td></td>
</tr>
<tr>
<td>Background</td>
<td></td>
</tr>
<tr>
<td>A header exists within Chapter 230-06 WAC titled “License Renewals and Activity Reports”. This header is no longer relevant as Activity Reports are no longer used, therefore this header should be repealed. Staff has also identified four definitions listed under this section that are referenced in other chapters of WAC:</td>
<td></td>
</tr>
<tr>
<td>• WAC 230-06-155- Defining “gross sales.” is also used in Chapter 230-03 WAC.</td>
<td></td>
</tr>
<tr>
<td>• WAC 230-06-160- Defining “net gambling receipts.” is also used in Chapter 230-07 WAC and Chapter 230-10 WAC.</td>
<td></td>
</tr>
<tr>
<td>• WAC 230-06-165- Defining “net gambling income.” is also used in Chapter 230-07 WAC.</td>
<td></td>
</tr>
<tr>
<td>• WAC 230-06-175- Defining “cost.” is also used in Chapter 230-14 WAC.</td>
<td></td>
</tr>
<tr>
<td>Staff recommends placing these definitions at the beginning of each chapter where they are referenced to assist licensees.</td>
<td></td>
</tr>
<tr>
<td>Staff also recommends amending the following definitions to further clarify sales tax:</td>
<td></td>
</tr>
<tr>
<td>• WAC 230-06-160- Defining “net gambling receipts.”</td>
<td></td>
</tr>
<tr>
<td>• WAC 230-06-175- Defining “cost.”</td>
<td></td>
</tr>
<tr>
<td>Staff Recommendation</td>
<td></td>
</tr>
<tr>
<td>Staff recommends initiating rule-making to repeal the header titled “License Renewals and Activity Reports”, place the definitions used throughout chapters of WAC at the beginning of each chapter they are referenced, and to amend WAC 230-06-160 and WAC 230-06-175 to clarify sales tax.</td>
<td></td>
</tr>
</tbody>
</table>
### Who Proposed the Rule Change?

Johnboy Buyak, Bonney Lake, Washington

### Background

The petitioner is proposing to adopt a rule to allow commercial gambling in Washington. Several attempts were made to reach the petitioner for more information (by email on January 2, 2020 and by phone on January 22, 2020 and January 29, 2020) with no success.

RCW 9.46.010 does not allow for commercial gambling in this sense.

Furthermore, WAC 230-17-190, Information required on a petition, outlines what information must be included in a petition, which the petitioner failed to provide.

### Attachments:
- Petition

### 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:

1) Initiate rule-making proceedings by filing the rule as proposed for further discussion; or

2) Deny the petition in writing, a) stating the reasons for denial and specifically address the concerns stated in the petition, or b) where appropriate, indicate alternative means by which the agency will address the concerns raised in the petition.

Staff recommends denying the petition as RCW 9.46.010 does not allow for commercial gambling in the state of Washington.
Submitted on Sunday, December 22, 2019 - 6:21pm
Submitted by anonymous user: 67.168.136.98
Submitted values are:

Petitioner's Name: Johnboy Buyak
Mailing Address: 10809 180th ave e
City: Bonney Lake
State: WA
Zip Code: 98391
Phone: 2539703337
Email: johnboybuyak@yahoo.com
Rule Petition Type: New Rule – I am requesting WSGC to adopt a new rule.
   ==New Rule – I am requesting WSGC to adopt a new rule.==
   Subject or purpose of the rule: commercial gambling in Washington
      The rule is needed because:
      The effect of this rule change will be:

The results of this submission may be viewed at:
https://www.wsgc.wa.gov/node/18/submission/1319
February 4, 2020

TO:                  COMMISSIONERS                  EX OFFICIO MEMBERS
                    Bud Sizemore, Chair                      Senator Steve Conway
                    Julia Patterson, Vice-Chair               Senator Jeff Holy
                    Ed Troyer                                  Representative Shelley Kloba
                    Alicia Levy                                Representative Brandon Vick

FROM:               Brian J. Considine, Legal and Legislative Manager

SUBJECT:  LEGISLATIVE UPDATE

We are already into the fourth week of the 2020 60-day session and are currently tracking about 124 bills. The following legislative cutoffs are between now and our March Commission Meeting:

- Friday, February 7, 2020 – Policy Committee Cutoff;
- Tuesday, February 11, 2020 – Fiscal Committee Cutoff;
- Wednesday, February 19, 2020 – House of origin, Floor Cutoff;
- Friday, February 28, 2020 – Policy Committee Cutoff, Opposite House;
- Monday, March 2, 2020 – Fiscal Committee Cutoff, Opposite House;
- Friday, March 6, 2020 – Opposite House Floor Cutoff (policy bills); and
- Friday, March 13, 2020 – Sine Die/Last Day of Session

Below is a summary of noteworthy bills we are currently tracking, including our agency request bills. I’ve also identified bills that you may wish to take action on under the possible legislation action item section.

Agency Request Legislation

1. **HB 2280 and SB 6119, Money Laundering Forfeiture**
   HB 2280 was heard in the House Commerce and Gaming Committee and passed out of Committee (7-2) on January 28, 2020. Two Democrat members of the committee expressed concerns on the bill and voted “no” because of general opposition to law enforcement forfeiture activities but not our specific bill or activities by the agency. It has been referred to House Appropriations and we hope to have a hearing and vote out of Committee by the February 11th fiscal cutoff.

   SB 6119 was heard in the Senate Law and Justice Committee and unanimously passed out of Committee on January 23, 2020. The bill is now on the Senate Floor consent calendar and we are focused on getting it passed off the Senate Floor by the February 19th floor cutoff.
Agency Request Legislation (cont...) 

2. **HB 2281 and HB 6120, Nonprofit Qualifications**

   HB 2281 was heard in the House Commerce and Gaming Committee and unanimously passed out of Committee on January 21, 2020. The bill is currently in the House Rules Committee and we hope to get it to the House floor and passed by the February 19th floor cutoff.

   SB 6120 was heard in the Senate Labor and Commerce Committee on January 21, 2020. We are still determining if the bill will receive executive action this week and passed out of Committee prior to the February 7th cutoff.

Bills Supported by the Commission 

3. **HB 1159, Changing the definition of theft**

   Representative Griffey’s HB 1159 amends the definition of "theft" for purposes of theft-related offenses to include concealing the property of another intending to deprive the other person of its use or benefit. This bill is currently on the House Floor Second Reading Calendar and stakeholders are working to have it passed out of the House by the February 19th Floor cutoff.

Possible Commissioner Action Items:

4. **HB 2492 and SB 6357, Increasing the wager limit for pull-tabs (attached)**

   Representative Peterson’s HB 2492 and Senator Conway’s SB 6357 increase the pull-tab wager limit in RCW 9.46.110 from one to five dollars. HB 2492 was heard by the House Commerce and Labor Committee and unanimously passed out Committee on January 30, 2020.

   SB 6357 was heard by the Senate Labor and Commerce Committee and unanimously passed out of Committee on January 23, 2020. The bill is now on the Second Reading Senate Floor Calendar and will likely be passed out of the Senate by the February 19th floor cutoff.

5. **HB 2720 and SB 6568, Concerning the application of gambling loss recovery laws to certain online games of chance (attached)**

   Representative Hudgin’s HB 2720 and Senator Mullet’s SB 6568 amend the Gambling Loss Recovery tort statute in RCW 4.24.070 to exclude: “online games of chance when played solely for entertainment purposes with virtual items if such virtual items may be used only for gameplay and may not be, per the terms of service of the game, transferred, exchanged, or redeemed for money or property.”

   These bills are the social casino game industry’s request to help them resolve the “Big Fish” online casino issue stemming from the *Kaiser v. Churchill Downs* 9th Circuit decision that was brought before the Commission’s review during the *Big Fish, Inc.*’s Petition for Declaratory Order in 2018.

   HB 2720 was heard in the House Civil Rights and Judiciary Committee on January 28, 2020 and is not currently scheduled for executive action. SB 6568 is scheduled for a hearing in the Senate Financial Institutions, Economic Development and Trade Committee on February 4, 2020.
Possible Commissioner Action Items (cont...)

6. **HB 2478 and SB 6277, Authorizing sports wagering at tribal casinos, card rooms, and racetracks (attached)**
   Representative Vick’s HB 2478 and Senator King’s SB 6277 are the Maverick Gaming-backed sports gambling bills. The bills would authorize on-premise and online sports gambling for card rooms, horse race tracks, and tribal casinos in the state. The Gambling Commission is the primary state regulator; a 10% state tax is imposed; and a $500,000 initial licensing fee is established with annual fees to be set by the Commission “based upon the expense associated with renewal, enforcement, and programs for the prevention and treatment of problem gambling.” The bill also contains provisions addressing regulation, criminal enforcement, and sport and game integrity.

   SB 6277 had a hearing in the Senate Labor and Commerce Committee on January 30, 2020 and it is unclear if the bill will be passed out of Committee by the February 7th cutoff. HB 2478 did not receive a hearing in the House Commerce and Gaming Committee.

7. **SHB 2638 and SB 6394, Authorizing sports wagering subject to the terms of tribal-state gaming compacts (attached)**
   Representative Peterson’s HB 2638 and Senator Saldaña’s SB 6394 are the tribal-only sports gambling bills. The bills would authorize retail and mobile sports gambling only at tribal casino locations. The parameters of tribal sports gambling would be determined by tribal-state gaming compacts.

   HB 2638 was heard in the House Commerce and Gaming Committee and the bill was amended in Committee to address the Gambling Commission’s five regulatory pillars identified at our January Commission Meeting. SHB 2638 was passed out of Committee (8-2) on January 30, 2020.

   A substitute to SB 6394 was heard by the Senate Labor and Commerce Committee on January 30, 2020. It is unclear if the bill will be passed out of Committee by the February 7th cutoff.

Bills with Direct Impact to the Gambling Commission or Industry

8. **HB 2216 and HB 2219, Sports Boards**
   Representative Eslick’s HB 2216 and HB 2219 changes to the Gambling Act’s sports boards limits and rules were heard in the House Commerce and Gaming Committee. HB 2216, the bill increasing the wager limit to five dollars and number of boards per event to two, passed unanimously out of Committee on January 21, 2020. It is now in the House Rules Committee.

9. **HB 2839, Regulating interactive digital entertainment products**
   Representative Kloba’s HB 2839 addresses the use of loot boxes in video games. The bill directs the Gambling Commission to conduct a study “on the utilization and effect of pay-to-win microtransactions and loot boxes on players of all ages.” The study is due to the legislature by July 1, 2021. The bill also imposes microtransaction and loot box requirements and prohibitions on video game publishers that would go into effect on January 1, 2022.

   HB 2839 was referred to the House Commerce and Gaming Committee but has not been scheduled for a hearing. It is unlikely this bill will receive a hearing and be passed out of Committee by the February 7th cutoff.
Law Enforcement Bills

10. **HB 2317, Concerning animal welfare**
Representative Orwell’s HB 2317 makes various changes to the provisions of law concerning animal welfare, including, but not limited to, changes pertaining to the elements of and consequences for Animal Cruelty and related criminal offenses, and changes related to the regulation of dogs and abandoned animals.

The bill was heard in the House Public Safety Committee and SSB 2317 unanimously passed out of Committee on January 30, 2020. This bill could enhance laws applicable to animal fighting situations we encounter or work on with other law enforcement.

11. **HB 2560, Concerning basic law enforcement training**
Representative Maycumber’s HB 2560 Requires the Criminal Justice Training Commission to provide a minimum of 15 Basic Law Enforcement Academy trainings per fiscal year beginning July 1, 2021, and a minimum of 19 trainings per fiscal year beginning July 1, 2024.

The bill was heard in House Public Safety and unanimously passed out of the Committee on January 30, 2020. The bill is now in House Appropriations.

Public Records Act and State Government Bills

12. **HB 2577 and SB 6408, Concerning agency responsibilities to regulated businesses and professions**
Representative Barkis’ HB 2577 and Senator Wilson’s SB 6408 require regulatory agencies to provide certain information to businesses and professions when conducting audits, inspections, and examinations. Staff had some concerns related to when a notice might be required to be given to a licensee during a criminal or civil investigation by our special agents. However, the Governor’s Office and prime sponsors worked with us on an amendment that addressed our concerns.

SSB 6408 was passed out of the Senate Financial Institutions, Economic Development & Trade Committee on January 30, 2020 and is in Senate Ways and Means. SHB 2577 is scheduled to be passed out of the House State Government & Tribal Relations Committee on February 5, 2020.

Legislative Work Session

13. **House Commerce and Gaming Committee**
Director Trujillo and I gave an agency and gambling industry overview to the Committee at its January 20, 2020 work session. I also gave a sports gambling presentation to the Committee at its January 27, 2020 work session.

14. **Senate Labor and Commerce Committee**
I gave a sports gambling presentation to the Committee at its January 21, 2020 work session. Representatives from GeoComply, Sportradar, and U.S. Integrity also gave presentations at this work session.
AN ACT Relating to increasing the dollar limit of pull-tabs; and
amending RCW 9.46.110.

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

Sec. 1. RCW 9.46.110 and 1999 c 221 s 1 are each amended to read as follows:
(1) The legislative authority of any county, city-county, city, or town, by local law and ordinance, and in accordance with the provisions of this chapter and rules adopted under this chapter, may provide for the taxing of any gambling activity authorized by this chapter within its jurisdiction, the tax receipts to go to the county, city-county, city, or town so taxing the activity. Any such tax imposed by a county alone shall not apply to any gambling activity within a city or town located in the county but the tax rate established by a county, if any, shall constitute the tax rate throughout the unincorporated areas of such county.
(2) The operation of punchboards and pull-tabs are subject to the following conditions:
(a) Chances may only be sold to adults;
(b) The price of a single chance may not exceed five dollars;
(c) No punchboard or pull-tab license may award as a prize upon a winning number or symbol being drawn the opportunity of taking a chance upon any other punchboard or pull-tab;

(d) All prizes available to be won must be described on an information flare. All merchandise prizes must be on display within the immediate area of the premises in which any such punchboard or pull-tab is located. Upon a winning number or symbol being drawn, a merchandise prize must be immediately removed from the display and awarded to the winner. All references to cash or merchandise prizes, with a value over twenty dollars, must be removed immediately from the information flare when won, or such omission shall be deemed a fraud for the purposes of this chapter; and

(e) When any person wins money or merchandise from any punchboard or pull-tab over an amount determined by the commission, every licensee shall keep a public record of the award for at least ninety days containing such information as the commission shall deem necessary.

(3)(a) Taxation of bingo and raffles shall never be in an amount greater than five percent of the gross receipts from a bingo game or raffle less the amount awarded as cash or merchandise prizes.

(b) Taxation of amusement games shall only be in an amount sufficient to pay the actual costs of enforcement of the provisions of this chapter by the county, city or town law enforcement agency and in no event shall such taxation exceed two percent of the gross receipts from the amusement game less the amount awarded as prizes.

(c) No tax shall be imposed under the authority of this chapter on bingo or amusement games when such activities or any combination thereof are conducted by any bona fide charitable or nonprofit organization as defined in this chapter, which organization has no paid operating or management personnel and has gross receipts from bingo or amusement games, or a combination thereof, not exceeding five thousand dollars per year, less the amount awarded as cash or merchandise prizes.

(d) No tax shall be imposed on the first ten thousand dollars of gross receipts less the amount awarded as cash or merchandise prizes from raffles conducted by any bona fide charitable or nonprofit organization as defined in this chapter.

(e) Taxation of punchboards and pull-tabs for bona fide charitable or nonprofit organizations is based on gross receipts from the operation of the games less the amount awarded as cash or
merchandise prizes, and shall not exceed a rate of ten percent. At
the option of the county, city-county, city, or town, the taxation of
punchboards and pull-tabs for commercial stimulant operators may be
based on gross receipts from the operation of the games, and may not
exceed a rate of five percent, or may be based on gross receipts from
the operation of the games less the amount awarded as cash or
merchandise prizes, and may not exceed a rate of ten percent.

(f) Taxation of social card games may not exceed twenty percent
of the gross revenue from such games.

(4) Taxes imposed under this chapter become a lien upon personal
and real property used in the gambling activity in the same manner as
provided for under RCW 84.60.010. The lien shall attach on the date
the tax becomes due and shall relate back and have priority against
real and personal property to the same extent as ad valorem taxes.
AN ACT Relating to increasing the dollar limit of pull-tabs; and
amending RCW 9.46.110.

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

Sec. 1. RCW 9.46.110 and 1999 c 221 s 1 are each amended to read as follows:
(1) The legislative authority of any county, city-county, city, or town, by local law and ordinance, and in accordance with the provisions of this chapter and rules adopted under this chapter, may provide for the taxing of any gambling activity authorized by this chapter within its jurisdiction, the tax receipts to go to the county, city-county, city, or town so taxing the activity. Any such tax imposed by a county alone shall not apply to any gambling activity within a city or town located in the county but the tax rate established by a county, if any, shall constitute the tax rate throughout the unincorporated areas of such county.
(2) The operation of punchboards and pull-tabs are subject to the following conditions:
(a) Chances may only be sold to adults;
(b) The price of a single chance may not exceed ((one)) five dollars;
(c) No punchboard or pull-tab license may award as a prize upon a winning number or symbol being drawn the opportunity of taking a chance upon any other punchboard or pull-tab;

(d) All prizes available to be won must be described on an information flare. All merchandise prizes must be on display within the immediate area of the premises in which any such punchboard or pull-tab is located. Upon a winning number or symbol being drawn, a merchandise prize must be immediately removed from the display and awarded to the winner. All references to cash or merchandise prizes, with a value over twenty dollars, must be removed immediately from the information flare when won, or such omission shall be deemed a fraud for the purposes of this chapter; and

(e) When any person wins money or merchandise from any punchboard or pull-tab over an amount determined by the commission, every licensee shall keep a public record of the award for at least ninety days containing such information as the commission shall deem necessary.

(3)(a) Taxation of bingo and raffles shall never be in an amount greater than five percent of the gross receipts from a bingo game or raffle less the amount awarded as cash or merchandise prizes.

(b) Taxation of amusement games shall only be in an amount sufficient to pay the actual costs of enforcement of the provisions of this chapter by the county, city or town law enforcement agency and in no event shall such taxation exceed two percent of the gross receipts from the amusement game less the amount awarded as prizes.

(c) No tax shall be imposed under the authority of this chapter on bingo or amusement games when such activities or any combination thereof are conducted by any bona fide charitable or nonprofit organization as defined in this chapter, which organization has no paid operating or management personnel and has gross receipts from bingo or amusement games, or a combination thereof, not exceeding five thousand dollars per year, less the amount awarded as cash or merchandise prizes.

(d) No tax shall be imposed on the first ten thousand dollars of gross receipts less the amount awarded as cash or merchandise prizes from raffles conducted by any bona fide charitable or nonprofit organization as defined in this chapter.

(e) Taxation of punchboards and pull-tabs for bona fide charitable or nonprofit organizations is based on gross receipts from the operation of the games less the amount awarded as cash or
merchandise prizes, and shall not exceed a rate of ten percent. At
the option of the county, city-county, city, or town, the taxation of
punchboards and pull-tabs for commercial stimulant operators may be
based on gross receipts from the operation of the games, and may not
exceed a rate of five percent, or may be based on gross receipts from
the operation of the games less the amount awarded as cash or
merchandise prizes, and may not exceed a rate of ten percent.

(f) Taxation of social card games may not exceed twenty percent
of the gross revenue from such games.

(4) Taxes imposed under this chapter become a lien upon personal
and real property used in the gambling activity in the same manner as
provided for under RCW 84.60.010. The lien shall attach on the date
the tax becomes due and shall relate back and have priority against
real and personal property to the same extent as ad valorem taxes.

--- END ---
HOUSE BILL 2720

State of Washington   66th Legislature   2020 Regular Session

By Representatives Hudgins, Vick, Jenkin, and Blake

Read first time 01/20/20. Referred to Committee on Civil Rights & Judiciary.

1 AN ACT Relating to the application of gambling loss recovery laws
2 to certain online games of chance; amending RCW 4.24.070; and
3 creating a new section.

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

5 NEW SECTION. Sec. 1. The legislature finds that the state has
6 made it a priority to grow clean, high-wage jobs by encouraging firms
7 engaged in video game development to invest and grow in the state.
8 The state has been successful in its efforts and an estimated twenty
9 percent of the global video game development industry is now based in
10 Washington state. However, recent court cases filed in federal
11 district courts in Washington have created economic uncertainty for
12 video game companies located in Washington state, or offering games
13 to players located in the state, by raising the possibility that the
14 legality surrounding these games will be decided differently than
15 similar issues raised and decided in other states, such as Illinois,
16 Maryland, and Ohio.
17 The legislature further finds that two video game companies based
18 in Washington are subject to recently filed class action lawsuits.
19 These lawsuits, if decided adversely to the game companies, pose a
20 substantial financial risk for video game development in this state.
21 The further possibility exists that companies based in Washington
will move their base of operations to other states, which would
remove thousands of jobs from the state and a currently incalculable,
but materially significant, amount of tax dollars.

Therefore, it is the intent of the legislature to remove this
economic uncertainty by clarifying that a player is not entitled to
recovery under RCW 4.24.070 unless the video game played provides a
mechanism for the withdrawal of money or property from the game.

Sec. 2. RCW 4.24.070 and 1957 c 7 s 2 are each amended to read
as follows:

(1) All persons losing money or anything of value at or on any
illegal gambling games shall have a cause of action to recover from
the dealer or player winning, or from the proprietor for whose
benefit such game was played or dealt, or such money or things of
value won, the amount of the money or the value of the thing so lost.

(2) For purposes of this section, "illegal gambling games" does
not include online games of chance when played solely for
entertainment purposes with virtual items if such virtual items may
be used only for gameplay and may not be, per the terms of service of
the game, transferred, exchanged, or redeemed for money or property.
SENATE BILL 6568

State of Washington  66th Legislature  2020 Regular Session

By Senators Mullet and Braun

1  AN ACT Relating to the application of gambling loss recovery laws
2  to certain online games of chance; amending RCW 4.24.070; and
3  creating a new section.

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

5  NEW SECTION. Sec. 1. The legislature finds that the state has
6  made it a priority to grow clean, high-wage jobs by encouraging firms
7  engaged in mobile game development to invest and grow in the state.
8  The state has been successful in its efforts. However, recent court
9  cases filed in federal district court in Washington have created
10  economic uncertainty for mobile game companies located in Washington
11  state, or offering games to players located in the state, by raising
12  the possibility that the legality surrounding these games will be
13  decided differently than similar issues raised and decided in other
14  states, such as Illinois, Maryland, and Ohio.
15  The legislature further finds that, of the recent lawsuits filed,
16  two mobile game companies based in Washington are subject to these
17  class action lawsuits. These lawsuits, if decided adversely to the
18  game companies, pose a substantial financial risk for mobile game
19  development in the state. The further possibility exists that
20  companies based in Washington will move their base of operations to
other states, which would remove thousands of jobs from the state and
currently incalculable, but materially significant, tax dollars.

The legislature further finds that if any of these lawsuits
result in adverse verdicts, the mobile game companies should be held
harmless. The companies relied upon written guidance from a state
regulatory body in developing their mobile games to ensure that no
player would be able to win real money or prizes.

Therefore, it is the intent of the legislature to remove this
economic uncertainty by clarifying that a player is not entitled to
recovery under RCW 4.24.070, unless the mobile game played provides a
mechanism for the withdrawal of money or property from the game.

**Sec. 2.** RCW 4.24.070 and 1957 c 7 s 2 are each amended to read
as follows:

(1) All persons losing money or anything of value at or on any
illegal gambling games shall have a cause of action to recover from
the dealer or player winning, or from the proprietor for whose
benefit such game was played or dealt, or such money or things of
value won, the amount of the money or the value of the thing so lost.

(2) For purposes of this section, "illegal gambling games" does
not include online games of chance when played solely for
entertainment purposes with virtual items if such virtual items may
be used only for gameplay and may not be, per the terms of service of
the game, transferred, exchanged, or redeemed for money or property.

--- END ---
HOUSE BILL 2478

State of Washington  66th Legislature  2020 Regular Session

By Representative Vick

AN ACT Relating to authorizing sports wagering at tribal casinos, card rooms, and racetracks; amending RCW 9.46.0335, 9.46.070, 9.46.130, 9.46.153, 9.46.155, 9.46.190, 9.46.210, 9.46.220, 9.46.240, 67.04.010, 67.04.020, 67.04.030, 67.04.040, 67.04.050, 67.04.060, 67.04.070, and 67.04.080; adding a new section to chapter 82.04 RCW; adding a new section to chapter 67.04 RCW; adding a new chapter to Title 9 RCW; recodifying RCW 67.24.010; repealing RCW 67.24.020; and prescribing penalties.

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

NEW SECTION. Sec. 1. This act may be known and cited as the sports wagering act.

NEW SECTION. Sec. 2. The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Card room" means a business licensed to conduct social card games pursuant to RCW 9.46.0325.

(2) "Collegiate sport or athletic event" means a sport or athletic event offered or sponsored by, or played in connection with, a public or private institution that offers educational services beyond the secondary level.
(3) "Commission" means the Washington state gambling commission created in RCW 9.46.040.

(4) "Fantasy sports activity" means any fantasy or simulated activity or contest with an entry fee in which a participant owns or manages an imaginary team and competes against other participants or a target score for a predetermined prize with the outcome reflecting the relative skill of the participants and determined by statistics generated based on performance by actual individuals participating in actual competitions or athletic events, provided that the outcome must not be based solely on the performance of an individual athlete, or on the score, point spread, or any performance of any single real team or combination of real teams. "Fantasy sports activity" does not include any activity in which no entry fee is paid to the fantasy sports operator or in which a prize is not collected, managed, or awarded by the operator.

(5) "Internet sports pool operator" means an entity that is licensed as a casino service industry enterprise and that holds a license issued by the commission to operate an online sports pool.

(6) "Online sports pool" means a sports wagering operation in which wagers on sports events are made through computers or mobile or interactive devices and accepted at a sports wagering lounge through an online gaming system that is operating pursuant to a sports wagering license issued by the commission.

(7) "Operator" means a tribal casino or sport wagering licensee that has elected to operate a sports pool, either independently or jointly, and any entity with whom a tribal casino or sport wagering licensee contracts to operate a sports pool or online sports pool, including an internet sports pool operator, on its behalf.

(8) "Professional sport or athletic event" means an event at which two or more persons participate in a sport or athletic event and receive compensation in excess of actual expenses for their participation in such event.

(9)(a) "Prohibited sports event" means any collegiate sport or athletic event that takes place in this state or a sport or athletic event in which any Washington state college team participates regardless of where the event takes place. "Prohibited sports event" includes all high school sports events, electronic sports, and competitive video games, but does not include international sports events in which persons under age eighteen make up a minority of the participants.
(b) "Prohibited sports event" does not include the other games of a collegiate sport or athletic tournament in which a Washington state college team participates, nor does it include any games of a collegiate tournament that occurs outside Washington state, even though some of the individual games or events are held in Washington.

(10) "Racetrack" means a business licensed to conduct horse race meets under a license issued by the Washington horse racing commission pursuant to chapter 67.16 RCW.

(11) "Sports event" means any professional sport or athletic event, any Olympic or international sports competition event, or any collegiate sport or athletic event, or any portion thereof, including, but not limited to, the individual performance statistics of athletes in a sports event or combination of sports events. "Sports event" does not include a prohibited sports event or a fantasy sports activity.

(12) "Sports pool" means the business of accepting wagers on any sports event by any system or method of wagering, including, but not limited to, single-game bets, teaser bets, parlays, over/under, money line, pools, exchange wagering, in-game wagering, in-play bets, proposition bets, or straight bets.

(13) "Sports wagering lounge" means an area wherein an authorized sports pool is operated at a tribal casino, card room, or racetrack complex.

(14) "Tribal casino" means a federally recognized Indian tribe or an entity owned by a federally recognized Indian tribe authorized to conduct sports wagering through sports pools or online sports pools on federal Indian lands in accordance with the terms of a class III gaming compact entered into by a federally recognized Indian tribe and the state pursuant to the Indian gaming regulatory act, 25 U.S.C. Sec. 2701 et seq., and RCW 9.46.360 that expressly addresses how sports wagering will be conducted, operated, and regulated consistent with this chapter.

NEW SECTION. Sec. 3. (1) The legislature authorizes sport wagering through sports pools and online sport pools by a tribal casino pursuant to a compact and by a card room or racetrack as provided in this chapter.

(2) Sports wagering conducted pursuant to the provisions of this chapter does not constitute bookmaking and is not subject to civil or criminal penalties.
(3) The commission has the power to: (a) Negotiate compacts with tribes authorizing sports wagering for tribal casinos; and (b) issue all sports wagering licenses and renewals to card rooms and racetracks. The commission must hear and promptly decide all applications for a sports wagering license.

(4) The license to operate a sports pool is in addition to any other license required to be issued pursuant to chapters 9.46 and 67.16 RCW.

(5) A tribal casino and a sports wagering licensee may operate a sports pool in accordance with the provisions of this chapter.

(6) A tribal casino and a sports wagering licensee may enter into an agreement to jointly operate a sports pool at a racetrack in accordance with the provisions of this chapter.

(7) A tribal casino and a sports wagering licensee may conduct an online sports pool or may authorize an internet sports pool operator licensed as a casino service industry enterprise to operate an online sports pool on its behalf, provided the terms of the agreement are approved by the commission.

(8) The powers and duties of the commission specified in chapter 9.46 RCW and other provisions with respect to tribal casinos and licensees apply to the extent not inconsistent with the provisions of this chapter.

(9) The commission has the authority to charge a card room and a racetrack a fee for the issuance of a sports wagering license in an amount of five hundred thousand dollars for the initial issuance and, in the case of a renewal, a reasonable fee adopted by rule that is based upon the expense associated with renewal, enforcement, and programs for the prevention and treatment of problem gambling.

(10) No sports wagering license may be issued by the commission to any person or entity unless it has established its financial stability, integrity, responsibility, good character, and honesty.

(11) No license to operate a sports pool may be issued to any person or entity that is disqualified for a license under chapter 9.46 or 67.16 RCW.

(12) A licensee must submit to the commission, no later than five years after the date of the issuance of a license and every five years thereafter, or within such lesser periods as the commission may direct, documentation or information as the commission may, by rule, require to demonstrate to the satisfaction of the commission that the licensee continues to meet the requirements of this chapter.
The commission, following consultation with the sports wagering licensees, must annually provide a report to the governor and the appropriate committees of the legislature on the impact of sports wagering, including internet wagering on sports events, on problem gamblers and gambling addiction in the state. The report must be prepared by a private organization or entity with expertise in serving the needs of persons with gambling addictions, as selected by the commission. The report must be distributed by the commission. Any costs associated with the preparation and distribution of the report will be borne by the licensees who have been authorized by the commission to conduct internet gaming, and the commission is authorized to assess a fee against the licensees for these purposes. The commission may also periodically report to the governor and the appropriate committees of the legislature on the effectiveness of the statutory and regulatory controls in place to ensure the integrity of gaming operations through the internet.

NEW SECTION. Sec. 4. (1) Each tribal casino and sports wagering licensee may provide no more than one branded sports wagering website, which may have an accompanying mobile application bearing the same brand as the web site for an online sports pool.

(2) No online sports pool may be opened to the public, and no sports wagering, except for test purposes, may be conducted until an internet sports pool operator receives a sport wagering license or pursuant to the terms of a compact.

(3) Tribal casinos, sports wagering licensees, and operators may provide promotional credits, incentives, bonuses, complimentaries, or similar benefits designed to induce sports bettors to wager.

(4) The server or other equipment used by a tribal casino or a sports wagering licensee to accept wagers at a sports pool or online sports pool must be located in that tribal casino, card room, or racetrack complex.

(5) A sports pool must be operated in a sports wagering lounge located at the tribal casino, card room, or racetrack complex. A sports wagering lounge may be located at a casino simulcasting facility. The lounge must conform to all requirements concerning square footage, design, equipment, security measures, and related matters which the commission may prescribe. The space required for the establishment of a lounge must not reduce the space authorized for other gambling activities pursuant to other laws or rules.
(6) No tribal casino or sport wagering licensee may operate a sports pool or accept wagers via an online sports pool unless a sports wagering lounge is established and has commenced operation in its complex; provided, however, that a tribal casino or a sports wagering licensee may petition the commission to commence operation of the sports pool at either a temporary facility or an online sports pool, or both, during the pendency of construction of a sports wagering lounge in its complex. The temporary facilities may include, at the discretion of the commission, the utilization of designated windows at the current casino cage or racetrack betting window for purposes of placing sports betting wagers and self-service wagering machines located at the complex.

(7) The operator must establish or display the odds at which wagers may be placed on sports events.

(8) An operator may accept wagers on sports events only: (a) From persons physically present in the sports wagering lounge; (b) through self-service wagering machines located in its complex as authorized by the commission; or (c) through an online sports pool.

(9) A person placing a wager on a sports event must be at least eighteen years of age.

NEW SECTION. Sec. 5. (1) No sports pool or online sports pool may be offered or made available for wagering to the public by any entity other than a tribal casino or a sports wagering licensee operating such pool on behalf of a licensee, or an internet sports pool operator on behalf of a tribal casino or a sports wagering licensee.

(2) Any person who offers a sports pool or an online sports pool without a license or pursuant to a compact is guilty of a class B felony and is subject to a fine of not more than twenty-five thousand dollars, and, in the case of a person other than a natural person, a fine of not more than one hundred thousand dollars.

NEW SECTION. Sec. 6. (1)(a) Any person who: (i) Is an athlete, coach, referee, or director of a sports governing body or any of its member team; (ii) is a sports governing body or any of its member teams; (iii) is a player or a referee personnel member in or on any sports event overseen by that person's sports governing body based on publicly available information; (iv) holds a position of authority or influence sufficient to exert influence over the participants in a
sporting contest, including, but not limited to, coaches, managers, 
handlers, athletic trainers, or horse trainers; (v) has access to 
certain types of exclusive information on any sports event overseen 
by that person's sports governing body based on publicly available 
information; or (vi) is identified by any lists provided by the 
sports governing body to the commission may not have any ownership 
interest in, control of, or otherwise be employed by, an operator, a 
sports wagering licensee, or a facility in which a sports wagering 
lounge is located, or place a wager on a sports event that is 
overseen by that person's sports governing body based on publicly 
available information. Any person who violates this subsection is 
guilty of a misdemeanor and must, upon conviction, be punished by 
either imprisonment in the county jail for a maximum term fixed by 
the court of not more than ninety days or a fine in an amount fixed 
by the court of not more than one thousand dollars, or both. 

(b) Any employee of a sports governing body or its member teams 
who is not prohibited from wagering on a sports event must provide 
notice to the commission prior to placing a wager on a sports event. 

c) The direct or indirect legal or beneficial owner of ten 
percent or more of a sports governing body or any of its member teams 
may not place or accept any wager on a sports event in which any 
member team of that sports governing body participates. 

(2) The prohibition set forth in subsection (1) of this section 
does not apply to any person who is a direct or indirect owner of a 
specific sports governing body member team, and (a) the person has 
less than ten percent direct or indirect ownership interest in a 
casino or racetrack, or (b) the shares of such person are registered 
pursuant to section 12 of the securities exchange act of 1934 (15 
U.S.C. Sec. 78l), as amended, and the value of the ownership of such 
team represents less than one percent of the person's total 
enterprise value. 

(3) An operator must adopt procedures to prevent persons who are 
prohibited from placing sports wagers from wagering on sports events. 

(4) An operator may not accept wagers from any person whose 
identity is known to the operator and: 

(a) Whose name appears on any self-exclusion programs list 
provided under RCW 9.46.071; 

(b) Who is the operator, director, officer, owner, or employee of 
the operator or any relative thereof living in the same household as 
the operator; 

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(c) Who has access to nonpublic confidential information held by
the operator; or
(d) Who is an agent or proxy for any other person.
(5) An operator must adopt procedures to obtain personally
identifiable information from any individual who places any single
wager in an amount of ten thousand dollars or greater on a sports
event while physically present in a tribal casino, card room, or
racetrack complex.

NEW SECTION. Sec. 7. The tribal casino or sports wagering
licensee may contract with an entity to conduct the operation in
accordance with the rules adopted by the commission. That entity must
obtain a license as a casino service industry enterprise, in
accordance with the rules adopted by the commission, prior to the
execution of any contract.

NEW SECTION. Sec. 8. (1) An operator must promptly report to
the commission:
(a)(i) Any criminal or disciplinary proceedings commenced against
the operator or its employees in connection with the operations of
the sports pool or online sports pool; (ii) any abnormal betting
activity or patterns that may indicate a concern about the integrity
of a sports event or events; (iii) any other conduct with the
potential to corrupt a betting outcome of a sports event for purposes
of financial gain, including, but not limited to, match fixing; and
(b) Suspicious or illegal wagering activities, including the use
of funds derived from illegal activity, wagers to conceal or launder
funds derived from illegal activity, the use of agents to place
wagers, or the use of false identification.
(2) The commission is authorized to share any information under
this section with any law enforcement entity, team, sports governing
body, or regulatory agency the commission deems appropriate.

NEW SECTION. Sec. 9. An operator must maintain records of
sports wagering operations as specified by the commission.

NEW SECTION. Sec. 10. (1) A tribal casino or a sports wagering
licensee may, in addition to having a sports wagering lounge, conduct
wagering on authorized sports events through one or more kiosks or
self-service wagering stations located within its complex. The self-
service wagering stations may offer games authorized by the
commission.

(2) All wagers on sports events authorized under this chapter
must be initiated, received, and otherwise made within this state
unless otherwise determined by the commission in accordance with
applicable federal and state laws. Consistent with the intent of the
United States congress as articulated in the unlawful internet
gambling enforcement act of 2006, 31 U.S.C. Sec. 5361 et seq., the
intermediate routing of electronic data relating to a lawful
intrastate wager authorized under this chapter does not determine the
location or locations in which such wager is initiated, received, or
otherwise made.

NEW SECTION. Sec. 11. (1) Applicants for, and holders of, a
sports wagering license must be required to disclose the identity of
the following: (a) Each board-appointed officer of the applicant or
holder; (b) each director of the applicant or holder; (c) each person
who directly holds any voting or controlling interest of five percent
or more of the securities issued by such applicant or holder; (d)
each person who directly holds any nonvoting or passive ownership
interest of twenty-five percent or more of the securities issued by
such applicant or holder; and (e) each holding or intermediary
company of an applicant for, or holder of, an operator.

(2) As to each holding, intermediary, and subsidiary company or
entity of an applicant for, or holder of, a sports wagering license,
applicants and holders are required to establish and maintain the
qualifications of the following: (a) Each board-appointed officer of
the entity; (b) each director of the company or entity; (c) each
person who directly holds any voting or controlling interest of five
percent or more of the securities issued by such applicant or holder;
and (d) each person who directly holds any nonvoting or passive
ownership interest of twenty-five percent or more in the holding or
intermediary company.

NEW SECTION. Sec. 12. (1) All persons employed directly in
wagering-related activities conducted in a sports wagering lounge and
an online sports pool must be licensed as a sports wagering key
employee or registered as a sports wagering employee.

(2) All other employees who are working in the sports wagering
lounge may be required to be registered by the commission.
(3) Each operator must designate one or more sports wagering key employees who are responsible for the operation of the sports pool. At least one sports wagering key employee must be on the premises whenever sports wagering is conducted.

**NEW SECTION.** Sec. 13. (1) Except as otherwise provided by this chapter, the commission has the authority to regulate sports pools, online sports pools, and the conduct of sports wagering under this chapter.

(2) No tribal casino, card room, or racetrack may be authorized to operate a sports pool or online sports pool unless it has produced, to the satisfaction of the commission, information, documentation, and assurances concerning its financial background and resources, including cash reserves, that are sufficient to demonstrate that it has the financial stability, integrity, and responsibility to operate a sports pool or online sports pool.

(3) In developing and adopting rules applicable to sports wagering, the commission may examine the regulations implemented in other states where sports wagering is conducted and may, as far as practicable, adopt a similar regulatory framework. The commission will adopt rules necessary to carry out the provisions of this chapter, including regulations governing the:

(a) Amount of cash reserves to be maintained by operators to cover winning wagers;

(b) Acceptance of wagers on a series of sports events;

(c) Maximum wagers which may be accepted by an operator from any one patron on any one sports event;

(d) Type of wagering tickets which may be used;

(e) Method of issuing tickets;

(f) Method of accounting to be used by operators;

(g) Types of records which must be kept;

(h) Use of credit and checks by patrons;

(i) Type of system for wagering;

(j) Protections for a person placing a wager; and

(k) Display of the words "If you or someone you know has a gambling problem and wants help, call 1-800 GAMBLER," or some comparable language approved by the commission, which language must include the words "gambling problem" and "call 1-800 GAMBLER" in all print, billboard, sign, online, or broadcast advertisements of a sports pool, online sports pool, and sports wagering lounge.
NEW SECTION. Sec. 14. (1) Each operator must adopt comprehensive house rules governing sports wagering transactions with its patrons that must be approved by the commission.

(2) The rules must specify the amounts to be paid on winning wagers and the effect of schedule changes.

(3) The house rules, together with any other information the commission deems appropriate, must be conspicuously displayed in the sports wagering lounge, posted on the operator's internet web site, and included in the terms and conditions of the account wagering system, and copies must be made readily available to patrons.

NEW SECTION. Sec. 15. Whenever a tribal casino and a sports wagering licensee or two licensees enter into an agreement to jointly establish a sports wagering lounge, and to operate and conduct sports wagering under this chapter, the agreement must specify the distribution of revenues from the joint sports wagering operation among the parties to the agreement.

NEW SECTION. Sec. 16. (1) There is levied, and collected from every tribal casino and sports wagering licensee in this state, a tax in the amount of ten percent of the gaming revenue.

(2) Gaming revenue from sports wagering must be sourced to the location where the bet is placed.

(3) Tribal casinos and sports wagering licensees subject to the tax imposed by this chapter must report to the department of revenue the amount of gaming revenue earned by location, identifying the amount of gaming revenue received from wagers or bets placed on tribal land, broken down by tribe, and the amount of gaming revenue received in Washington outside tribal land. Taxes paid on gaming revenue received from wagers or bets placed on tribal lands will be remitted to the tribe on whose lands the bet was placed.

(4) The tax imposed by this chapter must be paid to, and administered by, the department of revenue. The administration of the tax is governed by the provisions of chapter 82.32 RCW.

(5) For purposes of this section, "gaming revenue" means the total amount wagered less winnings paid out.

NEW SECTION. Sec. 17. If a patron does not claim a winning sports pool wager within one year from the time of the event, the obligation of the operator to pay the winnings expires and the
operator will retain fifty percent of the winnings and remit the
remaining fifty percent of the winnings to the problem gambling
account created in RCW 41.05.751. If the sports pool is jointly
operated, the operator must apportion the fifty percent of the
winnings pursuant to the terms of the parties' operation agreement.

NEW SECTION. Sec. 18. Wagers may be accepted or pooled with
wagers from persons who are not physically present in this state if
the commission determines that such wagering is not inconsistent with
federal law or the law of the jurisdiction, including any foreign
country, in which any such person is located, or such wagering is
conducted pursuant to a reciprocal agreement to which the state is a
party that is not inconsistent with federal law.

NEW SECTION. Sec. 19. If any provision of this act or its
application to any person or circumstance is held invalid, the
remainder of the act or the application of the provision to other
persons or circumstances is not affected.

NEW SECTION. Sec. 20. A new section is added to chapter 82.04
RCW to read as follows:
This chapter does not apply to any person in respect to a
business activity with respect to which tax liability is specifically
imposed under chapter 9.---RCW (the new chapter created in section
21 of this act).

NEW SECTION. Sec. 21. Sections 1 through 19 and 39 of this act
constitute a new chapter in Title 9 RCW.

Sec. 22. RCW 9.46.0335 and 1987 c 4 s 31 are each amended to
read as follows:
(1) The legislature {{(hereby)}} authorizes any person,
association, or organization to {{conduct sports pools without a
license to do so from the commission but only when the outcome of
which is dependent upon the score, or scores, of a certain athletic
contest and which is conducted only}} conduct sports boards in the
following manner:
 {{(4)} A board or piece of paper is divided into one hundred equal
squares, each of which constitutes a chance to win in the sports pool

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and each of which is offered directly to prospective contestants at
one dollar or less, 

(2+) (a) The purchaser of each chance or square signs his or her
name on the face of each square or chance he or she purchases; 

(3+) (b) At some time not later than prior to the start of the
subject athletic contest, the ((pool)) sports board is closed and no
further chances in the ((pool)) sports board are sold; 

(4+) (c) After the ((pool)) sports board is closed, a 
prospective score is assigned by random drawing to each square; 

(5+) (d) All money paid by entrants to enter the ((pool))
sports board less taxes is paid out as the prize or prizes to those 
persons holding squares assigned the winning score or scores from the 
subject athletic contest; 

(6+) (e) The sports ((pool)) board is available for inspection 
by any person purchasing a chance thereon, the commission, or by any 
law enforcement agency upon demand at all times prior to the payment 
of the prize; 

(7+) (f) The person or organization conducting the ((pool)) 
sports board is conducting no ((other)) more than two sports ((pool))
boards on the same athletic event; and 

(8+) The sports ((pool)) ((confers)) (g) Sports boards must conform 
to any rules and regulations of the commission ((applicable 
thereto)), including maximum wager limits set by the commission. 

(2) For purposes of this section, "sports board" means a board or 
piece of paper that is divided into one hundred equal squares, each 
of which constitutes a chance to win in the sports pool and each of 
which is offered directly to prospective contestants.

Sec. 23. RCW 9.46.070 and 2012 c 116 s 1 are each amended to 
read as follows: 

The commission shall have the following powers and duties: 

(1) To authorize and issue licenses for a period not to exceed 
one year to bona fide charitable or nonprofit organizations approved 
by the commission meeting the requirements of this chapter and any 
rules and regulations adopted pursuant thereto permitting said 
organizations to conduct bingo games, raffles, amusement games, and 
social card games, to utilize punchboards and pull-tabs in accordance 
with the provisions of this chapter and any rules and regulations 
adopted pursuant thereto, and to revoke or suspend said licenses for 
violation of any provisions of this chapter or any rules and
regulations adopted pursuant thereto: PROVIDED, That the commission shall not deny a license to an otherwise qualified applicant in an effort to limit the number of licenses to be issued: PROVIDED FURTHER, That the commission or director shall not issue, deny, suspend, or revoke any license because of considerations of race, sex, creed, color, or national origin: AND PROVIDED FURTHER, That the commission may authorize the director to temporarily issue or suspend licenses subject to final action by the commission;

(2) To authorize and issue licenses for a period not to exceed one year to any person, association, or organization operating a business primarily engaged in the selling of items of food or drink for consumption on the premises, approved by the commission meeting the requirements of this chapter and any rules and regulations adopted pursuant thereto permitting said person, association, or organization to utilize punchboards and pull-tabs ((and) \( \_ \_ \) to conduct social card games as a commercial stimulant in accordance with the provisions of this chapter and any rules and regulations adopted pursuant thereto \( \_ \_ \) and to revoke or suspend said licenses for violation of any provisions of this chapter and any rules and regulations adopted pursuant thereto: PROVIDED, That the commission shall not deny a license to an otherwise qualified applicant in an effort to limit the number of licenses to be issued: PROVIDED FURTHER, That the commission may authorize the director to temporarily issue or suspend licenses subject to final action by the commission;

(3) To authorize and issue licenses ((for a period not to exceed one year to any person, association, or organization approved by the commission meeting the requirements of this chapter and meeting the requirements of any rules and regulations adopted by the commission pursuant to this chapter as now or hereafter amended, permitting said person, association, or organization to conduct or operate amusement games in such manner and at such locations as the commission may determine. The commission may authorize the director to temporarily issue or suspend licenses subject to final action by the commission)) as provided in chapter 9.--- RCW (the new chapter created in section 21 of this act):

(4) To require any license holder to report suspicious activities or irregular betting activities regarding type, scope, and manner, as directed by the commission, and submit such reports as the commission may deem necessary;
(5) To authorize, require, and issue, for a period not to exceed one year, such licenses as the commission may by rule provide((r)) to any person, association, or organization to engage in the manufacturing, selling, distributing, or (otherwise) supplying ((ex in the manufacturing of devices for use within this state)) of devices, equipment software, hardware, or any gambling-related services for those activities authorized by this chapter. The commission may authorize the director to temporarily issue or suspend licenses subject to final action by the commission;

(45+) (6) To establish a schedule of annual license fees for carrying on specific gambling activities upon the premises, and for such other activities as may be licensed by the commission, which fees shall provide to the commission not less than an amount of money adequate to cover all costs incurred by the commission relative to licensing under this chapter and the enforcement by the commission of the provisions of this chapter and rules and regulations adopted pursuant thereto: PROVIDED, That all licensing fees shall be submitted with an application therefor and such portion of said fee as the commission may determine, based upon its cost of processing and investigation, shall be retained by the commission upon the withdrawal or denial of any such license application as its reasonable expense for processing the application and investigation into the granting thereof: PROVIDED FURTHER, That if in a particular case the basic license fee established by the commission for a particular class of license is less than the commission's actual expenses to investigate that particular application, the commission may at any time charge to that applicant such additional fees as are necessary to pay the commission for those costs. The commission may decline to proceed with its investigation and no license shall be issued until the commission has been fully paid therefor by the applicant: AND PROVIDED FURTHER, That the commission may establish fees for the furnishing by it to licensees of identification stamps to be affixed to such devices and equipment as required by the commission and for such other special services or programs required or offered by the commission, the amount of each of these fees to be not less than is adequate to offset the cost to the commission of the stamps and of administering their dispersal to licensees or the cost of administering such other special services, requirements, or programs;
To prescribe the manner and method of payment of taxes, fees, and penalties to be paid to or collected by the commission;

To require that applications for all licenses contain such information as may be required by the commission; PROVIDED, That all persons (a) having a managerial or ownership interest in any gambling activity, or the building in which any gambling activity occurs, or the equipment to be used for any gambling activity, (or)
(b) participating as an employee in the operation of any gambling activity, or (c) participating as an employee in the operation or management of providing gambling-related services for sports gambling as provided in this chapter and chapter 9. --- RCW (the new chapter created in section 21 of this act) shall be listed on the application for the license, and the applicant shall certify on the application, under oath, that the persons named on the application are all of the persons known to have an interest in any gambling activity, building, or equipment by the person making such application; PROVIDED FURTHER, That the commission shall require fingerprinting and national criminal history background checks on any persons seeking licenses, certifications, or permits under this chapter or of any person holding an interest in any gambling activity, building, or equipment to be used therefor, or of any person participating as an employee in the operation of any gambling activity. All national criminal history background checks shall be conducted using fingerprints submitted to the federal bureau of investigation. The commission must establish rules to delineate which persons named on the application are subject to national criminal history background checks. In identifying these persons, the commission must take into consideration the nature, character, size, and scope of the gambling activities requested by the persons making such applications;

To require that any license holder maintain records as directed by the commission and submit such reports as the commission may deem necessary;

To require that all income from bingo games, raffles, and amusement games be recorded and reported as established by rule or regulation of the commission to the extent deemed necessary by considering the scope and character of the gambling activity in such a manner that will disclose gross income from any gambling activity, amounts received from each player, the nature and
value of prizes, and the fact of distributions of such prizes to the
winners thereof;

((+40+)) (11) To regulate and establish maximum limitations on
income derived from bingo. In establishing limitations pursuant to
this subsection, the commission shall take into account (a) the
nature, character, and scope of the activities of the licensee; (b)
the source of all other income of the licensee; and (c) the
percentage or extent to which income derived from bingo is used for
charitable, as distinguished from nonprofit, purposes. However, the
commission's powers and duties granted by this subsection are
discretionary and not mandatory;

((+41+)) (12) To regulate and establish the type (and) scope
of and manner of conducting the gambling activities authorized by
this chapter, including but not limited to, the extent of wager,
money, or other thing of value which may be wagered (if)
contributed or won by a player in any such activities;

((+42+)) (13) To regulate the collection of and the accounting
for the fee which may be imposed by an organization, corporation, or
person licensed to conduct a social card game on a person desiring to
become a player in a social card game in accordance with RCW
9.46.0282;

((+43+)) (14) To cooperate with and secure the cooperation of
county, city, and other local or state agencies in investigating any
matter within the scope of its duties and responsibilities;

((+44+)) (15) In accordance with RCW 9.46.080, to adopt such
rules and regulations as are deemed necessary to carry out the
purposes and provisions of this chapter. All rules and regulations
shall be adopted pursuant to the administrative procedure act,
chapter 34.05 RCW;

((+45+)) (16) To set forth for the perusal of counties, city-
counties, or cities and towns(+) model ordinances by which any
legislative authority thereof may enter into the taxing of any
gambling activity authorized by this chapter;

((+46+)) (17)(a) To establish and regulate a maximum limit on
salaries or wages which may be paid to persons employed in connection
with activities conducted by bona fide charitable or nonprofit
organizations and authorized by this chapter, where payment of such
persons is allowed, and to regulate and establish maximum limits for
other expenses in connection with such authorized activities,
including but not limited to rent or lease payments. However, the
commissioner's powers and duties granted by this subsection are
discretionary and not mandatory.

(b) In establishing these maximum limits the commission shall
take into account the amount of income received, or expected to be
received, from the class of activities to which the limits will apply
and the amount of money the games could generate for authorized
charitable or nonprofit purposes absent such expenses. The commission
may also take into account, in its discretion, other factors,
including, but not limited to, the local prevailing wage scale and
whether charitable purposes are benefited by the activities;

((17+)) (18) To authorize, require, and issue for a period not
to exceed one year such licenses or permits, for which the commission
may by rule provide, to any person to work for any operator of any
gambling activity authorized by this chapter in connection with that
activity, or any manufacturer, supplier, or distributor of devices
for those activities in connection with such business. The commission
may authorize the director to temporarily issue or suspend licenses
subject to final action by the commission. The commission shall not
require that persons working solely as volunteers in an authorized
activity conducted by a bona fide charitable or bona fide nonprofit
organization, who receive no compensation of any kind for any purpose
from that organization, and who have no managerial or supervisory
responsibility in connection with that activity, be licensed to do
such work. The commission may require that licensees employing such
unlicensed volunteers submit to the commission periodically a list of
the names, addresses, and dates of birth of the volunteers. If any
volunteer is not approved by the commission, the commission may
require that the licensee not allow that person to work in connection
with the licensed activity;

((18+)) (19) To publish and make available at the office of the
commission or elsewhere to anyone requesting it a list of the
commission licensees, including the name, address, type of license,
and license number of each licensee;

((19+)) (20) To establish guidelines for determining what
constitutes active membership in bona fide nonprofit or charitable
organizations for the purposes of this chapter;

((20+)) (21) To renew the license of every person who applies
for renewal within six months after being honorably discharged,
removed, or released from active military service in the armed forces
of the United States upon payment of the renewal fee applicable to

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the license period, if there is no cause for denial, suspension, or revocation of the license;

(22) To issue licenses under subsections (1) through (4) of this section that are valid for a period of up to eighteen months, if it chooses to do so, in order to transition to the use of the business licensing services program through the department of revenue; and

(23) To perform all other matters and things necessary to carry out the purposes and provisions of this chapter.

Sec. 24. RCW 9.46.130 and 2011 c 336 s 303 are each amended to read as follows:

The premises and paraphernalia, and all the books, records, databases, hardware, software, or any other electronic data storage device of any person, association, or organization conducting gambling activities authorized under this chapter and any person, association, or organization receiving profits therefrom or having any interest therein shall be subject to inspection and audit at any reasonable time, with or without notice, upon demand, by the commission or its designee, the attorney general or his or her designee, the chief of the Washington state patrol or his or her designee or the prosecuting attorney, sheriff, or director of public safety or their designees of the county wherein located, or the chief of police or his or her designee of any city or town in which said organization is located, for the purpose of determining compliance or noncompliance with the provisions of this chapter and any rules or regulations or local ordinances adopted pursuant thereto, or any federal or state law. A reasonable time for the purpose of this section shall be: (1) If the items or records to be inspected or audited are located anywhere upon a premises any portion of which is regularly open to the public or members and guests, then at any time when the premises are so open(τ) or at which they are usually open; or (2) if the items or records to be inspected or audited are not located upon a premises set out in subsection (1) of this section, then any time between the hours of 8:00 a.m. and 9:00 p.m., Monday through Friday.

The commission shall be provided at such reasonable intervals as the commission shall determine with a report, under oath, detailing all receipts and disbursements in connection with such gambling activities together with such other reasonable information as
required in order to determine whether such activities comply with
the purposes of this chapter or any local ordinances relating
there to.

Sec. 25. RCW 9.46.153 and 1981 c 139 s 14 are each amended to
read as follows:

(1) It shall be the affirmative responsibility of each applicant
and licensee to establish by clear and convincing evidence the
necessary qualifications for licensure of each person required to be
qualified under this chapter, as well as the qualifications of the
facility in which the licensed activity will be conducted;

(2) All applicants and licensees shall consent to inspections,
searches and seizures, and the supplying of handwriting examples as
authorized by this chapter and rules adopted hereunder;

(3) All licensees, and persons having any interest in licensees,
including but not limited to employees and agents of licensees, and
other persons required to be qualified under this chapter or rules of
the commission shall have a duty to inform the commission or its
staff of any action or omission which they believe would constitute a
violation of this chapter or rules adopted pursuant thereto, or a
violation of state or federal law. No person who so informs the
commission or the staff shall be discriminated against by an
applicant or licensee because of the supplying of such information;

(4) All applicants, licensees, persons who are operators or
directors thereof, and persons who otherwise have a substantial
interest therein shall have the continuing duty to provide any
assistance or information required or requested by the commission and
to investigations conducted by the commission. If, upon issuance of a
formal request to answer or produce information, evidence, or
testimony, any applicant, licensee or officer or director thereof, or
person with a substantial interest therein, refuses to comply, the
applicant or licensee may be denied or revoked by the commission;

(5) All applicants and licensees shall waive any and all
liability as to the state of Washington, its agencies, employees, and
agents for any damages resulting from any disclosure or publication
in any manner, other than a willfully unlawful disclosure or publication, of any information acquired by the commission during its licensing or other investigations.

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(6) Each applicant or licensee may be photographed for investigative and identification purposes in accordance with the rules of the commission;

(7) An application to receive a license under this chapter or rules adopted pursuant thereto constitutes a request for a determination of the applicant's and those person's with an interest in the applicant, general character, integrity and ability to engage or participate in, or be associated with, gambling or related activities impacting this state. Any written or oral statement made in the course of an official investigation, proceeding or process of the commission by any member, employee or agent thereof or by any witness, testifying under oath, which is relevant to the investigation, proceeding or process, is absolutely privileged and shall not impose any liability for slander, libel or defamation, or constitute any grounds for recovery in any civil action.

Sec. 26. RCW 9.46.155 and 2003 c 53 s 34 are each amended to read as follows:

(1) No ((applicant or licensee)) person shall give or provide, or offer to give or provide, directly or indirectly, to any public official ((employee)) or agent of this state, or any of its agencies or political subdivisions, any compensation or reward, or share of the money or property paid or received through gambling activities, in consideration for obtaining any license, authorization, permission or privilege to participate in any gaming operations except as authorized by this chapter or rules adopted pursuant thereto.

(2) No person shall give or provide, or attempt to give or provide, directly or indirectly, any compensation, reward, or thing of value to a sporting event participant, including an athlete, coach, referee, official, medical staff, team, school, league official or employee, or anyone else having actual or potential influence over a sporting event, to influence or require the sporting event participant to manipulate a game or contest as prohibited in chapter 67.04 RCW, or provide confidential or insider information with the intent to use the information to gain an advantage in a gambling activity.

(3) Unless otherwise provided in another title or section, violation of this section is a class C felony for which a person, upon conviction, shall be punished by imprisonment for not more than
five years or a fine of not more than one hundred thousand dollars, or both.

Sec. 27. RCW 9.46.190 and 1991 c 261 s 7 are each amended to read as follows:

Any person [(e)] association or organization operating any gambling activity who or which, directly or indirectly, shall in the course of such operation:

(1) Employ any device, scheme, or artifice to defraud; or

(2) Make any untrue statement of a material fact, or omit to state a material fact necessary in order to make the statement made not misleading, in the light of the circumstances under which said statement is made; or

(3) Engage in any act, practice, or course of operation as would operate as a fraud or deceit upon any person; or

(4) Alter or misrepresent the outcome of a game or other event on which wagers have been made after the outcome is made sure, but before it is revealed to the players; or

(5) Place, increase, or decrease a bet, or determine the course of play after acquiring knowledge, not available to all players, of the outcome of the game or any event that affects the outcome of the game or which is the subject of the bet, or aid anyone in acquiring such knowledge for the purpose of placing, increasing, or decreasing a bet, or determining the course of play contingent upon that event or outcome; or

(6) Claim, collect, or take, or attempt to claim, collect, or take money or anything of value in or from a gambling game, with intent to defraud, without having made a wager contingent thereon, or to claim, collect, or take an amount greater than the amount won; or

(7) Knowingly entice or induce another to go to any place where a gambling game is being conducted or operated in violation of this chapter, with the intent that the other person play or participate in that gambling game; or

(8) Place or increase a bet after acquiring knowledge of the outcome of the game or other event which is the subject of the bet, including past-posting and pressing bets; or

(9) Reduce the amount wagered or cancel the bet after acquiring knowledge of the outcome of the game or other event which is the subject of the bet, including pinching bets; or
(10) Manipulate, with the intent to cheat, any component of a
gaming device in a manner contrary to the designed and normal
operational purpose for the component, including, but not limited to,
varying the pull of the handle of a slot machine, with knowledge that
the manipulation affects the outcome of the game or with knowledge of
any event that affects the outcome of the game; or
(11) Offer, promise, or give anything of value to anyone for the
purpose of influencing the outcome of a race, sporting event,
contest, or game upon which a wager may be made, or place, increase,
or decrease a wager after acquiring knowledge, not available to the
general public, that anyone has been offered, promised, or given
anything of value for the purpose of influencing the outcome of the
race, sporting event, contest, or game upon which the wager is
placed, increased, or decreased; or
(12) Change or alter the normal outcome of any game played on an
interactive gaming system or a mobile gaming system or the way in
which the outcome is reported to any participant in the game;

Shall be guilty of a (gross misdemeanor) class C felony subject
to the penalty set forth in RCW 9A.20.021.

Sec. 28. RCW 9.46.210 and 2000 c 46 s 1 are each amended to read
as follows:

(1) It shall be the duty of all peace officers, law enforcement
officers, and law enforcement agencies within this state to
investigate, enforce, and prosecute all violations of this chapter.
(2) In addition to the authority granted by subsection (1) of
this section, law enforcement agencies of cities and counties shall
investigate and report to the commission all violations of the
provisions of this chapter and of the rules of the commission found
by them and shall assist the commission in any of its investigations
and proceedings respecting any such violations. Such law enforcement
agencies shall not be deemed agents of the commission.
(3) In addition to its other powers and duties, the commission
shall have the power to enforce the penal provisions of [(chapter
218, laws of 1973—1st ex. sess.)] chapters 9.46 and 9.--- RCW (the
new chapter created in section 21 of this act) and as it may be
amended, and the penal laws of this state relating to the conduct of,
or participation in, gambling activities, including chapter 9A.83
RCW, and the manufacturing, importation, transportation,
distribution, possession, and sale of equipment or paraphernalia used

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or for use in connection therewith. The director, the deputy
director, both assistant directors, and each of the commission's
investigators, enforcement officers, and inspectors shall have the
power, under the supervision of the commission, to enforce the penal
provisions of ((chapter 218, laws of 1973 1st ex. sess.)) chapters
9.46 and 9.--- RCW (the new chapter created in section 21 of this
act) and as it may be amended, and the penal laws of this state
relating to the conduct of or participation in, gambling activities,
including chapter 9A.83 RCW, and the manufacturing, importation,
transportation, distribution, possession, and sale of equipment or
paraphernalia used or for use in connection therewith. They shall
have the power and authority to apply for and execute all warrants
and serve process of law issued by the courts in enforcing the penal
provisions of ((chapter 218, laws of 1973 1st ex. sess.)) chapters
9.46 and 9.--- RCW (the new chapter created in section 21 of this
act) and as it may be amended, and the penal laws of this state
relating to the conduct of or participation in, gambling activities,
including chapter 9A.83 RCW, and the manufacturing, importation,
transportation, distribution, possession, and sale of equipment or
paraphernalia used or for use in connection therewith. They shall
have the power to arrest without a warrant((∀)) any person or persons
found in the act of violating any of the penal provisions of
((chapter 218, laws of 1973 1st ex. sess.)) chapters 9.46 and 9.---
RCW (the new chapter created in section 21 of this act) and as it may
be amended, and the penal laws of this state relating to the conduct
of or participation in, gambling activities, including chapter 9A.83
RCW, and the manufacturing, importation, transportation,
distribution, possession, and sale of equipment or paraphernalia used
or for use in connection therewith. To the extent set forth above,
the commission shall be a law enforcement agency of this state with
the power to investigate for violations of and to enforce the
provisions of this chapter, as now law or hereafter amended, and to
obtain information from and provide information to all other law
enforcement agencies.

(4) Criminal history record information that includes
nonconviction data, as defined in RCW 10.97.030, may be disseminated
by a criminal justice agency to the Washington state gambling
commission for any purpose associated with the investigation for
suitability for involvement in gambling activities authorized under
this chapter. The Washington state gambling commission shall only
disseminate nonconviction data obtained under this section to
criminal justice agencies.

(5) In addition to its other powers and duties, the commission
shall have the power to:

(a) Establish a sports integrity unit to prevent and detect
competition manipulation through education and enforcement of the
penal provisions of chapters 9.46 and 9.--- RCW (the new chapter
created in section 21 of this act), chapter 67.04 RCW, or any other
state penal laws needed to protect the integrity of amateur and
professional sporting events and contests within the state; and

(b) Track and monitor gambling-related transactions occurring
within the state and require any reporting as needed.

Sec. 29. RCW 9.46.220 and 1997 c 78 s 2 are each amended to read
as follows:

(1) A person is guilty of professional gambling in the first
degree if he or she engages in, or knowingly causes, aids, abets, or
conspires with another to engage in, professional gambling as defined
in this chapter, and:

(a) Acts in concert with or conspires with five or more people;
or

(b) Personally accepts wagers exceeding five thousand dollars
during any thirty-day period on future contingent events; or

(c) The operation for whom the person works, or with which the
person is involved, accepts wagers exceeding five thousand dollars
during any thirty-day period on future contingent events; or

(d) Operates, manages, or profits from the operation of a
premises or location where persons are charged a fee to participate
in card games, lotteries, or other gambling activities that are not
authorized by this chapter or licensed by the commission; or

(e) Engages in bookmaking as defined in RCW 9.46.0213.

(2) However, this section shall not apply to those activities
enumerated in RCW 9.46.0305 through 9.46.0361 or to any act or acts
in furtherance of such activities when conducted in compliance with
the provisions of this chapter and in accordance with the rules
adopted pursuant to this chapter.

(3) Professional gambling in the first degree is a class B felony
subject to the penalty set forth in RCW 9A.20.021.
Sec. 30. RCW 9.46.240 and 2006 c 290 s 2 are each amended to read as follows:

(1) Whoever knowingly transmits or receives gambling information by telephone, telegraph, radio, semaphore, the internet, a telecommunications transmission system, or similar means, or knowingly installs or maintains equipment for the transmission or receipt of gambling information shall be guilty of a class C felony subject to the penalty set forth in RCW 9A.20.021. (However, this)

(2) This section shall not apply to such information transmitted or received, or equipment or devices installed or maintained, relating to activities authorized by this chapter, chapter 9, RCW (the new chapter created in section 21 of this act), or to any act or acts in furtherance thereof when conducted in compliance with the provisions of this chapter (and), in accordance with the rules adopted under this chapter; and consistent with tribal-state gambling compacts.

Sec. 31. RCW 67.04.010 and 2012 c 117 s 294 are each amended to read as follows:

Any person who shall bribe or offer to bribe (T) any (baseball player) sporting event participant, including an athlete, coach, referee, official, medical staff, or anyone else having actual or potential influence over a sporting event, with the intent to influence (his or her play, action, or conduct in any baseball game) the outcome of a play, game, match, or event, or any person who shall bribe or offer to bribe any (umpire of a baseball game, with intent to influence him or her to make a wrong decision or to bias his or her opinion or judgment in relation to any baseball game or any play occurring therein, or any person who shall bribe or offer to bribe any manager, or other official of a baseball club, league, or association, by whatsoever name called, conducting said game of baseball to throw or lose a game of baseball) team, school, or league official or employee to obtain confidential or inside information on a player, team, or coach with the intent to violate a section of this act or use the information to gain a gambling advantage in violation of chapter 9.46 and 9, RCW (the new chapter created in section 21 of this act), shall be guilty of a ((gross misdemeanor)) class B felony.
Sec. 32. RCW 67.04.020 and 2012 c 117 s 295 are each amended to read as follows:

Any ((baseball—player)) sporting event athlete, player, or participant who shall accept or agree to accept ((τ)) a bribe offered for the purpose of wrongfully influencing his or her play, action, decision making, or conduct in any ((baseball—game)) sporting event, or any umpire ((of a baseball—game)), official, referee, or any other person responsible for implementing game or event rules and scoring who shall accept or agree to accept a bribe offered for the purpose of influencing him or her to make a wrong decision, or biasing his or her opinions, rulings, or judgment with regard to any play, or any ((manager of a baseball—club, or club)) person, including an owner, manager, coach, medical staff, official, employee of a team, organization, or league official, who shall accept ((τ)) or agree to accept ((τ)) any bribe offered for the purpose of inducing him or her to manipulate a game or contest, including to lose or cause to be lost any ((baseball)) game or contest, as set forth in RCW 67.04.010, shall be guilty of a ((gross—misdemeanor)) class C felony.

Sec. 33. RCW 67.04.030 and 2012 c 117 s 296 are each amended to read as follows:

To complete the offenses mentioned in RCW 67.04.010 and 67.04.020, it shall not be necessary that ((the—baseball)) a player, manager, umpire, ((ετ)) official, or anyone else having actual or potential influence over a sporting event shall, at the time, have been actually employed, selected, or appointed to perform his or her respective duties; it shall be sufficient if the bribe be offered, accepted, or agreed to with the view of probable employment, selection, or appointment of the person to whom the bribe is offered, or by whom it is accepted. Neither shall it be necessary that such ((baseball)) player, umpire, ((ετ)) manager, official, or anyone else having actual or potential influence over a sporting event actually play or participate in a game or games concerning which said bribe is offered or accepted; it shall be sufficient if the bribe be given, offered, or accepted in view of his or her possibly participating therein.

Sec. 34. RCW 67.04.040 and 2012 c 117 s 297 are each amended to read as follows:
By a "bribe" as used in RCW 67.04.010 through 67.04.080, is meant any gift, emolument, money or thing of value, testimonial, privilege, appointment, or personal advantage, or the promise of either, bestowed or promised for the purpose of influencing, directly or indirectly, any ((baseball)) player, manager, umpire, club or league official, or anyone else having actual or potential influence over a sporting event to see which game an admission fee may be charged, or in which game of ((baseball)) any player, manager, ((or)) umpire, official, or anyone else having actual or potential influence over a sporting event is paid any compensation for his or her services. Said bribe as defined in RCW 67.04.010 through 67.04.080 need not be direct; it may be such as is hidden under the semblance of a sale, bet, wager, payment of a debt, or in any other manner designed to cover the true intention of the parties.

Sec. 35. RCW 67.04.050 and 2012 c 117 s 298 are each amended to read as follows:

Any ((baseball)) player, manager, umpire, referee, official, or club or league ((official)) employee who shall commit any willful act of omission or commission in playing, or directing the playing, of a ((baseball)) game, sporting event, or contest, with intent to ((cause)) manipulate a sporting event, including causing the ((baseball)) team, with which he or she is affiliated, to lose a ((baseball)) game or event; or any umpire, referee, or official officiating in a ((baseball)) game or event, or any club or league ((official)) employee who shall commit any willful act connected with his or her official duties for the purpose and with the intent to ((cause)) manipulate a sporting event, including causing a ((baseball club)) team to win or lose a ((baseball)) game or event, which it would otherwise have won or lost under the rules governing the playing of said game, shall be guilty of a ((gross misdemeanor)) class C felony.

Sec. 36. RCW 67.04.060 and 1921 c 181 s 6 are each amended to read as follows:

In all prosecutions under RCW 67.04.010 through 67.04.080 the venue may be laid in any county where the bribe herein referred to was given, offered or accepted, or in which the ((baseball game)) sporting event or contest was played in relation to which the bribe
was offered, given or accepted, or the acts referred to in RCW
67.04.050 committed.

Sec. 37. RCW 67.04.070 and 2012 c 117 s 299 are each amended to
read as follows:

Nothing in RCW 67.04.010 through 67.04.080 shall be construed to
prohibit the giving or offering of any bonus or extra compensation to
any manager ((or baseball)) player, coach, or other persons
connected with a collegiate or professional team, organization, or
league by any person to encourage such manager or player to a higher
degree of skill, ability, or diligence in the performance of his or
her duties.

Sec. 38. RCW 67.04.080 and 1921 c 181 s 8 are each amended to
read as follows:

RCW 67.04.010 through 67.04.080 shall apply only to ((baseball
league and club officials)) sporting event leagues, teams, players,
referees, umpires, managers ((and players)), or anyone else having
actual or potential influence over a sporting event who act in
((such)) their official capacity in ((games)) sporting events or
contests where the public is generally invited to attend and ((a
general admission)) an entrance fee is charged.

NEW SECTION. Sec. 39. Sports wagering lounges at which a sports
pool is operated are a permitted use in all commercial, retail,
industrial, nonresidential, and mixed-use zoning districts of a
municipality.

NEW SECTION. Sec. 40. RCW 67.24.010 is recodified as a section
in chapter 67.04 RCW.

NEW SECTION. Sec. 41. RCW 67.24.020 (Scope of 1945 c 107) and
1945 c 107 s 2 are each repealed.

--- END ---
SENATE BILL REPORT
SB 6277

As of January 29, 2020

Title: An act relating to authorizing sports wagering at tribal casinos, card rooms, and racetracks.

Brief Description: Authorizing sports wagering at tribal casinos, card rooms, and racetracks.

Sponsors: Senators King and Rivers.

Brief History:
Committee Activity: Labor & Commerce: 1/30/20.

Brief Summary of Bill
• Authorizes sport wagering through sports pools and online sport pools by tribal casinos, pursuant to compacts, and by licensed card rooms and racetracks.
• Allows wagers to be placed in person, through self-service machines at the complex, or through online sports pool; all wagers must generally be places in the state.
• Prohibits certain activities and person and entities from placing wagers or owning a sport wagering operator; and provides penalties.
• Modifies and expands the Gambling Commission's authority related to sport wagering.
• Provides a 10 percent tax on gaming revenue.

SENATE COMMITTEE ON LABOR & COMMERCE

Staff: Susan Jones (786-7404)

Background: Supreme Court Decision Regarding Sports Betting. In May 2018, in the case of *Murphy v. National Collegiate Athletic Association*, the United States Supreme Court ruled that the federal Professional and Amateur Sports Protection Act violates the Tenth Amendment to the United States Constitution by prohibiting states from authorizing sports

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This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.
banning. After this decision, some states have passed legislation allowing sports betting or wagering.

**Indian Gaming Regulatory Act.** The federal Indian Gaming Regulatory Act (IGRA) affirmed tribal gaming rights and provides a framework for Indian tribes and states to negotiate, on a government-to-government basis, for how class III gaming will be conducted within a state and on tribal lands. Types of gaming are separated into three classes under IGRA. Class III gaming is casino-style gaming including lotteries, roulette, and house-banked card games such as blackjack and baccarat. Tribes and the state negotiate regarding Class III gaming and how it will be authorized and regulated. Class I and II gaming is regulated by tribes only. Class I gaming includes social games for prizes of minimal value or traditional forms of Indian gaming engaged in by individuals in connection with tribal ceremonies or celebrations. Class II gaming includes bingo and certain non-house-banked card games.

**Compact Negotiations.** The Gambling Commission (Commission) negotiates compacts for Class III gaming with federally recognized Indian tribes. When a tentative agreement on a proposed compact is reached, the director of the Commission (Director) transmits a copy to all voting and ex officio members of the Commission and to the appropriate Legislative committees, which must hold a public hearing on the proposed compact and forward any comments to the Commission. The Commission may also hold public hearings on the proposed compact any time after receiving a copy of the compact from the Director. The Commission, including the ex officio members, votes on whether to return the proposed compact to the Director with instructions for further negotiation or to forward the proposed compact to the Governor for review and final execution.

**Illegal Gambling Activities.** Under Washington law, transmitting or receiving gambling information by means of the Internet is illegal and punishable as a class C felony. Additionally, operating an unauthorized bookmaking operation is punishable by up to a class B felony. "Bookmaking" is defined as accepting bets, upon the outcome of future contingent events, as a business or in which the bettor is charged a fee or vigorish for the opportunity to place a bet.

**Sports Pool.** Since 1976, a limited form of sports wagering called sports pools has been legal in Washington. To conduct sports pools no license is required. Sports pools are limited to a board or piece of paper divided into 100 equal squares, each of which constitutes a chance to win in the sports pool and each of which is offered to contestants for $1 or less. All money paid by participants less taxes is paid out as the prize to the person holding squares assigned the winning score or scores.

**Summary of Bill: Sports Wagering Authorized.** The Legislature authorizes sport wagering through sports pools and online sport pools by a tribal casino pursuant to a compact and by a card room or racetrack. Authorized sports wagering does not constitute bookmaking and is not subject to civil or criminal penalties. The Gambling Commission (Commission) may negotiate tribal compacts authorizing sports wagering and issue all sports wagering licenses and renewals to card rooms and racetracks. A tribal casino and a sports wagering licensee may operate a sports pool in accordance with the act. Definitions are provided for various terms.
A tribal casino and a sports wagering licensee may enter into an agreement to jointly operate a sports pool at a racetrack. A tribal casino and a sports wagering licensee may conduct an online sports pool or may authorize an Internet sports pool operator licensed as a casino service industry enterprise to operate an online sports pool on its behalf with a Commission approved agreement.

Card Room & Racetrack Licenses. The Commission may charge a card room and a racetrack a license fee of $500,000 for the initial issuance and a reasonable renewal fee based upon the expense associated with renewal, enforcement, and programs for the prevention and treatment of problem gambling. Licenses generally expire after five years. No sports wagering license may be issued by the Commission to any person or entity unless it has established its financial stability, integrity, responsibility, good character, and honesty.

Commission Reports. The Commission, following consultation with the sports wagering licensees, must annually provide a report to the Governor and the appropriate committees of the Legislature on the impact of sports wagering, including Internet wagering on sports events, on problem gamblers and gambling addiction in the state. The report must be prepared by a private entity with expertise in serving the needs of persons with gambling addictions. The report costs are borne by the authorized Internet gaming licensees. The Commission may also periodically report to the Governor and the appropriate legislative committees on the effectiveness of the statutory and regulatory controls in place to ensure the integrity of gaming operations through the Internet.

Licensees' Websites, Applications, Lounges. Each tribal casino and sports wagering licensee may provide no more than one branded sports wagering website, which may have a mobile application. No online sports pool may be opened to the public, and no sports wagering, except for test purposes, may be conducted until an Internet sports pool operator receives a sport wagering license or pursuant to the compact terms. The server or other equipment used by a tribal casino or a sports wagering licensee to accept wagers at a sports pool or online sports pool must be located in that tribal casino, card room, or racetrack complex. A sports pool must be operated in a sports wagering lounge located at the tribal casino, card room, or racetrack complex. A sports wagering lounge may be located at a casino simulcast facility. The lounge must conform to all rules concerning square footage, design, equipment, and security measures. The operator must display the odds at which wagers may be placed on sports events. Sports wagering lounges are a permitted use in all commercial, retail, industrial, nonresidential, and mixed-use zoning districts of a municipality.

Accepting Wagers. An operator may accept wagers on sports events only: (1) from persons physically present in the sports wagering lounge; (2) through Commission authorized self-service wagering machines located in its complex; or (3) through an online sports pool. A person placing a wager on a sports event must be at least 18 years of age.

Prohibited Activities. Any person who offers a sports pool or an online sports pool without a license or pursuant to a compact is guilty of a class B felony and is subject to a fine of not more than $25,000, and, in the case of a person other than a natural person, not more than $100,000.
Persons or entities prohibited from having any ownership interest in, control of, or being employed by, an operator, a sports wagering licensee, or a facility in which a sports wagering lounge is located, or placing a wager is provided. A violator is guilty of a misdemeanor punishable by either imprisonment for not more than 90 days or a fine in of not more than $1,000, or both.

An operator must adopt procedures to prevent persons who are prohibited from placing sports wagers from wagering on sports events. An operator may not accept wagers from any person whose identity is known to the operator and (1) whose name appears on any self-exclusion programs list; (2) who is the operator, director, officer, owner, or employee of the operator or any of their relatives living in the same household; (3) who has access to nonpublic confidential information held by the operator; or (4) who is an agent or proxy for any other person.

An operator must adopt procedures to obtain personally identifiable information from any individual who places any single wager in an amount of $10,000 or more on a sports event while physically present in a tribal casino, card room, or racetrack complex.

**Casino Service Industry Enterprise.** The tribal casino or sports wagering licensee may contract with an entity to conduct the operation in accordance with the rules adopted by the Commission. That entity must obtain a license as a casino service industry enterprise prior to the execution of any contract.

**Operator Reporting Requirement.** An operator must promptly report to the Commission certain criminal or disciplinary proceedings commenced against the operator or its employees; any abnormal betting activity or patterns; any other conduct with the potential to corrupt a betting outcome; and suspicious or illegal wagering activities. The Commission may share this information with any law enforcement entity, team, sports governing body, or regulatory agency.

**Location of Wagering.** A casino or licensee may also conduct wagering through one or more Commission authorized kiosks or self-service wagering stations located within its complex. All wagers must be initiated, received, and otherwise made within this state unless otherwise determined by the Commission in accordance with applicable federal and state laws. Wagers may be accepted or pooled with wagers from persons who are not physically present in this state if the Commission determines that such wagering is not inconsistent with federal law or the law of the jurisdiction in which any such person is located, or such wagering is conducted pursuant to a reciprocal agreement to which the state is a party that is not inconsistent with federal law.

**Other Licensing Requirements.** Applicants for, and holders of, a sports wagering license must disclose the identity of certain board members, directors and person holding certain percentage interests in applicant or holder entity; and information about related holding or intermediary companies. All persons employed directly in wagering-related activities in a sports wagering lounge and an online sports pool must be licensed as a sports wagering key employee or registered as a sports wagering employee. All other employees who are working in the sports wagering lounge may be required to be registered by the Commission.
Each operator must designate one or more sports wagering key employees. At least one key employee must be on the premises whenever sports wagering is conducted.

No tribal casino, card room, or racetrack may be authorized to operate a sports pool or online sports pool unless it has produced, to the satisfaction of the Commission, information, documentation, and assurances concerning its financial background and resources, including cash reserves, that are sufficient to demonstrate that it has the financial stability, integrity, and responsibility to operate a sports pool or online sports pool.

Commission Rules. The Commission may adopt rules applicable to sports wagering including the: amount of cash reserves for operators; acceptance of wagers on a series of sports events; maximum wagers which may be accepted by an operator from any one patron on any one sports event; type of wagering tickets which may be used; method of issuing tickets; method of accounting to be used by operators; types of records which must be kept; use of credit and checks by patrons; type of system for wagering; protections for a person placing a wager; and a disclosure regarding problem gambling.

House Rules. Each operator must adopt comprehensive house rules governing sports wagering transactions with its patrons approved by the Commission. The rules must be conspicuously displayed in the lounge, posted on the web site, and included in the terms and conditions of the account wagering system. Copies must be made available to patrons.

Gambling Tax. There is a 10 percent tax on gaming revenue, which is the total amount wagered less winnings paid out, administered by the Department of Revenue. Taxes paid on gaming revenue received from wagers or bets placed on tribal lands will be remitted to the tribe on whose lands the bet was placed. The business and occupations tax does not apply to any person in respect to a business activity with respect the ten percent tax is imposed.

Unclaimed Winnings. If a patron does not claim a winning sports pool wager within one year from the time of the event, the operator retains 50 percent and remits the 50 percent to the problem gambling account. Current sports pool laws are modified to refer to them as sports boards.

Other Gambling Law Modifications. Certain duties and authorities of the Commission are modified and other technical changes are made. Databases, hardware, software, or any other electronic data storage device of any person, entities conducting certain gambling activities are be subject to inspection and audit by the Commission. Other gambling laws are modified.

Certain prohibitions are provided related to influencing, bribing, manipulating, or cheating in certain gambling activities. Violators are guilty of a class C felony for which a person, upon conviction, shall be punished by imprisonment for not more than five years or a fine of not more than $100,000, or both.

The Commission shall have the power to establish a sports integrity unit to prevent and detect competition manipulation through education and enforcement of the criminal provisions, or any other state criminal laws needed to protect the integrity of amateur and
professional sporting events and contests within the state; and to track and monitor gambling-related transactions occurring within the state and require any reporting as needed.

Transmitting or receiving information through the telephone or Internet relating to authorized sport wagering is not illegal.

Appropriation: None.

Fiscal Note: Requested on January 14, 2020.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.
AN ACT Relating to authorizing sports wagering at tribal casinos, card rooms, and racetracks; amending RCW 9.46.0335, 9.46.070, 9.46.130, 9.46.153, 9.46.155, 9.46.190, 9.46.210, 9.46.220, 9.46.240, 67.04.010, 67.04.020, 67.04.030, 67.04.040, 67.04.050, 67.04.060, 67.04.070, and 67.04.080; adding a new section to chapter 82.04 RCW; adding a new section to chapter 67.04 RCW; adding a new chapter to Title 9 RCW; recodifying RCW 67.24.010; repealing RCW 67.24.020; and prescribing penalties.

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

NEW SECTION. Sec. 1. This act may be known and cited as the sports wagering act.

NEW SECTION. Sec. 2. The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Card room" means a business licensed to conduct social card games pursuant to RCW 9.46.0325.

(2) "Collegiate sport or athletic event" means a sport or athletic event offered or sponsored by, or played in connection with, a public or private institution that offers educational services beyond the secondary level.
(3) "Commission" means the Washington state gambling commission created in RCW 9.46.040.

(4) "Fantasy sports activity" means any fantasy or simulated activity or contest with an entry fee in which a participant owns or manages an imaginary team and competes against other participants or a target score for a predetermined prize with the outcome reflecting the relative skill of the participants and determined by statistics generated based on performance by actual individuals participating in actual competitions or athletic events, provided that the outcome must not be based solely on the performance of an individual athlete, or on the score, point spread, or any performance of any single real team or combination of real teams. "Fantasy sports activity" does not include any activity in which no entry fee is paid to the fantasy sports operator or in which a prize is not collected, managed, or awarded by the operator.

(5) "Internet sports pool operator" means an entity that is licensed as a casino service industry enterprise and that holds a license issued by the commission to operate an online sports pool.

(6) "Online sports pool" means a sports wagering operation in which wagers on sports events are made through computers or mobile or interactive devices and accepted at a sports wagering lounge through an online gaming system that is operating pursuant to a sports wagering license issued by the commission.

(7) "Operator" means a tribal casino or sport wagering licensee that has elected to operate a sports pool, either independently or jointly, and any entity with whom a tribal casino or sport wagering licensee contracts to operate a sports pool or online sports pool, including an internet sports pool operator, on its behalf.

(8) "Professional sport or athletic event" means an event at which two or more persons participate in a sport or athletic event and receive compensation in excess of actual expenses for their participation in such event.

(9)(a) "Prohibited sports event" means any collegiate sport or athletic event that takes place in this state or a sport or athletic event in which any Washington state college team participates regardless of where the event takes place. "Prohibited sports event" includes all high school sports events, electronic sports, and competitive video games, but does not include international sports events in which persons under age eighteen make up a minority of the participants.
(b) "Prohibited sports event" does not include the other games of a collegiate sport or athletic tournament in which a Washington state college team participates, nor does it include any games of a collegiate tournament that occurs outside Washington state, even though some of the individual games or events are held in Washington.

(10) "Racetrack" means a business licensed to conduct horse race meets under a license issued by the Washington horse racing commission pursuant to chapter 67.16 RCW.

(11) "Sports event" means any professional sport or athletic event, any Olympic or international sports competition event, or any collegiate sport or athletic event, or any portion thereof, including, but not limited to, the individual performance statistics of athletes in a sports event or combination of sports events. "Sports event" does not include a prohibited sports event or a fantasy sports activity.

(12) "Sports pool" means the business of accepting wagers on any sports event by any system or method of wagering, including, but not limited to, single-game bets, teaser bets, parlays, over/under, money line, pools, exchange wagering, in-game wagering, in-play bets, proposition bets, or straight bets.

(13) "Sports wagering lounge" means an area wherein an authorized sports pool is operated at a tribal casino, card room, or racetrack complex.

(14) "Tribal casino" means a federally recognized Indian tribe or an entity owned by a federally recognized Indian tribe authorized to conduct sports wagering through sports pools or online sports pools on federal Indian lands in accordance with the terms of a class III gaming compact entered into by a federally recognized Indian tribe and the state pursuant to the Indian gaming regulatory act, 25 U.S.C. Sec. 2701 et seq., and RCW 9.46.360 that expressly addresses how sports wagering will be conducted, operated, and regulated consistent with this chapter.

NEW SECTION. Sec. 3. (1) The legislature authorizes sport wagering through sports pools and online sport pools by a tribal casino pursuant to a compact and by a card room or racetrack as provided in this chapter.

(2) Sports wagering conducted pursuant to the provisions of this chapter does not constitute bookmaking and is not subject to civil or criminal penalties.
(3) The commission has the power to: (a) Negotiate compacts with tribes authorizing sports wagering for tribal casinos; and (b) issue all sports wagering licenses and renewals to card rooms and racetracks. The commission must hear and promptly decide all applications for a sports wagering license.

(4) The license to operate a sports pool is in addition to any other license required to be issued pursuant to chapters 9.46 and 67.16 RCW.

(5) A tribal casino and a sports wagering licensee may operate a sports pool in accordance with the provisions of this chapter.

(6) A tribal casino and a sports wagering licensee may enter into an agreement to jointly operate a sports pool at a racetrack in accordance with the provisions of this chapter.

(7) A tribal casino and a sports wagering licensee may conduct an online sports pool or may authorize an internet sports pool operator licensed as a casino service industry enterprise to operate an online sports pool on its behalf, provided the terms of the agreement are approved by the commission.

(8) The powers and duties of the commission specified in chapter 9.46 RCW and other provisions with respect to tribal casinos and licensees apply to the extent not inconsistent with the provisions of this chapter.

(9) The commission has the authority to charge a card room and a racetrack a fee for the issuance of a sports wagering license in an amount of five hundred thousand dollars for the initial issuance and, in the case of a renewal, a reasonable fee adopted by rule that is based upon the expense associated with renewal, enforcement, and programs for the prevention and treatment of problem gambling.

(10) No sports wagering license may be issued by the commission to any person or entity unless it has established its financial stability, integrity, responsibility, good character, and honesty.

(11) No license to operate a sports pool may be issued to any person or entity that is disqualified for a license under chapter 9.46 or 67.16 RCW.

(12) A licensee must submit to the commission, no later than five years after the date of the issuance of a license and every five years thereafter, or within such lesser periods as the commission may direct, documentation or information as the commission may, by rule, require to demonstrate to the satisfaction of the commission that the licensee continues to meet the requirements of this chapter.
The commission, following consultation with the sports wagering licensees, must annually provide a report to the governor and the appropriate committees of the legislature on the impact of sports wagering, including internet wagering on sports events, on problem gamblers and gambling addiction in the state. The report must be prepared by a private organization or entity with expertise in serving the needs of persons with gambling addictions, as selected by the commission. The report must be distributed by the commission. Any costs associated with the preparation and distribution of the report will be borne by the licensees who have been authorized by the commission to conduct internet gaming, and the commission is authorized to assess a fee against the licensees for these purposes. The commission may also periodically report to the governor and the appropriate committees of the legislature on the effectiveness of the statutory and regulatory controls in place to ensure the integrity of gaming operations through the internet.

NEW SECTION. Sec. 4. (1) Each tribal casino and sports wagering licensee may provide no more than one branded sports wagering web site, which may have an accompanying mobile application bearing the same brand as the web site for an online sports pool.

(2) No online sports pool may be opened to the public, and no sports wagering, except for test purposes, may be conducted until an internet sports pool operator receives a sports wagering license or pursuant to the terms of a compact.

(3) Tribal casinos, sports wagering licensees, and operators may provide promotional credits, incentives, bonuses, complimentaries, or similar benefits designed to induce sports betters to wager.

(4) The server or other equipment used by a tribal casino or a sports wagering licensee to accept wagers at a sports pool or online sports pool must be located in that tribal casino, card room, or racetrack complex.

(5) A sports pool must be operated in a sports wagering lounge located at the tribal casino, card room, or racetrack complex. A sports wagering lounge may be located at a casino simulcasting facility. The lounge must conform to all requirements concerning square footage, design, equipment, security measures, and related matters which the commission may prescribe. The space required for the establishment of a lounge must not reduce the space authorized for other gambling activities pursuant to other laws or rules.
(6) No tribal casino or sport wagering licensee may operate a sports pool or accept wagers via an online sports pool unless a sports wagering lounge is established and has commenced operation in its complex; provided, however, that a tribal casino or a sports wagering licensee may petition the commission to commence operation of the sports pool at either a temporary facility or an online sports pool, or both, during the pendency of construction of a sports wagering lounge in its complex. The temporary facilities may include, at the discretion of the commission, the utilization of designated windows at the current casino cage or racetrack betting window for purposes of placing sports betting wagers and self-service wagering machines located at the complex.

(7) The operator must establish or display the odds at which wagers may be placed on sports events.

(8) An operator may accept wagers on sports events only: (a) From persons physically present in the sports wagering lounge; (b) through self-service wagering machines located in its complex as authorized by the commission; or (c) through an online sports pool.

(9) A person placing a wager on a sports event must be at least eighteen years of age.

NEW SECTION. Sec. 5. (1) No sports pool or online sports pool may be offered or made available for wagering to the public by any entity other than a tribal casino or a sports wagering licensee operating such pool on behalf of a licensee, or an internet sports pool operator on behalf of a tribal casino or a sports wagering licensee.

(2) Any person who offers a sports pool or an online sports pool without a license or pursuant to a compact is guilty of a class B felony and is subject to a fine of not more than twenty-five thousand dollars, and, in the case of a person other than a natural person, a fine of not more than one hundred thousand dollars.

NEW SECTION. Sec. 6. (1)(a) Any person who: (i) Is an athlete, coach, referee, or director of a sports governing body or any of its member team; (ii) is a sports governing body or any of its member teams; (iii) is a player or a referee personnel member in or on any sports event overseen by that person's sports governing body based on publicly available information; (iv) holds a position of authority or influence sufficient to exert influence over the participants in a
sporting contest, including, but not limited to, coaches, managers, handlers, athletic trainers, or horse trainers; (v) has access to certain types of exclusive information on any sports event overseen by that person's sports governing body based on publicly available information; or (vi) is identified by any lists provided by the sports governing body to the commission may not have any ownership interest in, control of, or otherwise be employed by, an operator, a sports wagering licensee, or a facility in which a sports wagering lounge is located, or place a wager on a sports event that is overseen by that person's sports governing body based on publicly available information. Any person who violates this subsection is guilty of a misdemeanor and must, upon conviction, be punished by either imprisonment in the county jail for a maximum term fixed by the court of not more than ninety days or a fine in an amount fixed by the court of not more than one thousand dollars, or both.

(b) Any employee of a sports governing body or its member teams who is not prohibited from wagering on a sports event must provide notice to the commission prior to placing a wager on a sports event.

(c) The direct or indirect legal or beneficial owner of ten percent or more of a sports governing body or any of its member teams may not place or accept any wager on a sports event in which any member team of that sports governing body participates.

(2) The prohibition set forth in subsection (1) of this section does not apply to any person who is a direct or indirect owner of a specific sports governing body member team, and (a) the person has less than ten percent direct or indirect ownership interest in a casino or racetrack, or (b) the shares of such person are registered pursuant to section 12 of the securities exchange act of 1934 (15 U.S.C. Sec. 78l), as amended, and the value of the ownership of such team represents less than one percent of the person's total enterprise value.

(3) An operator must adopt procedures to prevent persons who are prohibited from placing sports wagers from wagering on sports events.

(4) An operator may not accept wagers from any person whose identity is known to the operator and:

(a) Whose name appears on any self-exclusion programs list provided under RCW 9.46.071;

(b) Who is the operator, director, officer, owner, or employee of the operator or any relative thereof living in the same household as the operator;
(c) Who has access to nonpublic confidential information held by
the operator; or
(d) Who is an agent or proxy for any other person.
(5) An operator must adopt procedures to obtain personally
identifiable information from any individual who places any single
wager in an amount of ten thousand dollars or greater on a sports
event while physically present in a tribal casino, card room, or
racetrack complex.

NEW SECTION. Sec. 7. The tribal casino or sports wagering
licensee may contract with an entity to conduct the operation in
accordance with the rules adopted by the commission. That entity must
obtain a license as a casino service industry enterprise, in
accordance with the rules adopted by the commission, prior to the
execution of any contract.

NEW SECTION. Sec. 8. (1) An operator must promptly report to
the commission:
(a) (i) Any criminal or disciplinary proceedings commenced against
the operator or its employees in connection with the operations of
the sports pool or online sports pool; (ii) any abnormal betting
activity or patterns that may indicate a concern about the integrity
of a sports event or events; (iii) any other conduct with the
potential to corrupt a betting outcome of a sports event for purposes
of financial gain, including, but not limited to, match fixing; and
(b) Suspicious or illegal wagering activities, including the use
of funds derived from illegal activity, wagers to conceal or launder
funds derived from illegal activity, the use of agents to place
wagers, or the use of false identification.
(2) The commission is authorized to share any information under
this section with any law enforcement entity, team, sports governing
body, or regulatory agency the commission deems appropriate.

NEW SECTION. Sec. 9. An operator must maintain records of
sports wagering operations as specified by the commission.

NEW SECTION. Sec. 10. (1) A tribal casino or a sports wagering
licensee may, in addition to having a sports wagering lounge, conduct
wagering on authorized sports events through one or more kiosks or
self-service wagering stations located within its complex. The self-

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service wagering stations may offer games authorized by the
commission.

(2) All wagers on sports events authorized under this chapter
must be initiated, received, and otherwise made within this state
unless otherwise determined by the commission in accordance with
applicable federal and state laws. Consistent with the intent of the
United States Congress as articulated in the unlawful internet
gambling enforcement act of 2006, 31 U.S.C. Sec. 5361 et seq., the
intermediate routing of electronic data relating to a lawful
intrastate wager authorized under this chapter does not determine the
location or locations in which such wager is initiated, received, or
otherwise made.

NEW SECTION. Sec. 11. (1) Applicants for, and holders of, a
sports wagering license must be required to disclose the identity of
the following: (a) Each board-appointed officer of the applicant or
holder; (b) each director of the applicant or holder; (c) each person
who directly holds any voting or controlling interest of five percent
or more of the securities issued by such applicant or holder; (d)
each person who directly holds any nonvoting or passive ownership
interest of twenty-five percent or more of the securities issued by
such applicant or holder; and (e) each holding or intermediary
company of an applicant for, or holder of, an operator.

(2) As to each holding, intermediary, and subsidiary company or
entity of an applicant for, or holder of, a sports wagering license,
applicants and holders are required to establish and maintain the
qualifications of the following: (a) Each board-appointed officer of
the entity; (b) each director of the company or entity; (c) each
person who directly holds any voting or controlling interest of five
percent or more of the securities issued by such applicant or holder;
and (d) each person who directly holds any nonvoting or passive
ownership interest of twenty-five percent or more in the holding or
intermediary company.

NEW SECTION. Sec. 12. (1) All persons employed directly in
wagering-related activities conducted in a sports wagering lounge and
an online sports pool must be licensed as a sports wagering key
employee or registered as a sports wagering employee.

(2) All other employees who are working in the sports wagering
lounge may be required to be registered by the commission.
(3) Each operator must designate one or more sports wagering key employees who are responsible for the operation of the sports pool. At least one sports wagering key employee must be on the premises whenever sports wagering is conducted.

NEW SECTION. Sec. 13. (1) Except as otherwise provided by this chapter, the commission has the authority to regulate sports pools, online sports pools, and the conduct of sports wagering under this chapter.

(2) No tribal casino, card room, or racetrack may be authorized to operate a sports pool or online sports pool unless it has produced, to the satisfaction of the commission, information, documentation, and assurances concerning its financial background and resources, including cash reserves, that are sufficient to demonstrate that it has the financial stability, integrity, and responsibility to operate a sports pool or online sports pool.

(3) In developing and adopting rules applicable to sports wagering, the commission may examine the regulations implemented in other states where sports wagering is conducted and may, as far as practicable, adopt a similar regulatory framework. The commission will adopt rules necessary to carry out the provisions of this chapter, including regulations governing the:

(a) Amount of cash reserves to be maintained by operators to cover winning wagers;
(b) Acceptance of wagers on a series of sports events;
(c) Maximum wagers which may be accepted by an operator from any one patron on any one sports event;
(d) Type of wagering tickets which may be used;
(e) Method of issuing tickets;
(f) Method of accounting to be used by operators;
(g) Types of records which must be kept;
(h) Use of credit and checks by patrons;
(i) Type of system for wagering;
(j) Protections for a person placing a wager; and
(k) Display of the words "If you or someone you know has a gambling problem and wants help, call 1-800 GAMBLER," or some comparable language approved by the commission, which language must include the words "gambling problem" and "call 1-800 GAMBLER" in all print, billboard, sign, online, or broadcast advertisements of a sports pool, online sports pool, and sports wagering lounge.
NEW SECTION.  Sec. 14.  (1) Each operator must adopt comprehensive house rules governing sports wagering transactions with its patrons that must be approved by the commission.
(2) The rules must specify the amounts to be paid on winning wagers and the effect of schedule changes.
(3) The house rules, together with any other information the commission deems appropriate, must be conspicuously displayed in the sports wagering lounge, posted on the operator's internet web site, and included in the terms and conditions of the account wagering system, and copies must be made readily available to patrons.

NEW SECTION.  Sec. 15.  Whenever a tribal casino and a sports wagering licensee or two licensees enter into an agreement to jointly establish a sports wagering lounge, and to operate and conduct sports wagering under this chapter, the agreement must specify the distribution of revenues from the joint sports wagering operation among the parties to the agreement.

NEW SECTION.  Sec. 16.  (1) There is levied, and collected from every tribal casino and sports wagering licensee in this state, a tax in the amount of ten percent of the gaming revenue.
(2) Gaming revenue from sports wagering must be sourced to the location where the bet is placed.
(3) Tribal casinos and sports wagering licensees subject to the tax imposed by this chapter must report to the department of revenue the amount of gaming revenue earned by location, identifying the amount of gaming revenue received from wagers or bets placed on tribal land, broken down by tribe, and the amount of gaming revenue received in Washington outside tribal land. Taxes paid on gaming revenue received from wagers or bets placed on tribal lands will be remitted to the tribe on whose lands the bet was placed.
(4) The tax imposed by this chapter must be paid to, and administered by, the department of revenue. The administration of the tax is governed by the provisions of chapter 82.32 RCW.
(5) For purposes of this section, "gaming revenue" means the total amount wagered less winnings paid out.

NEW SECTION.  Sec. 17.  If a patron does not claim a winning sports pool wager within one year from the time of the event, the obligation of the operator to pay the winnings expires and the
operator will retain fifty percent of the winnings and remit the remaining fifty percent of the winnings to the problem gambling account created in RCW 41.05.751. If the sports pool is jointly operated, the operator must apportion the fifty percent of the winnings pursuant to the terms of the parties' operation agreement.

NEW SECTION. Sec. 18. Wagers may be accepted or pooled with wagers from persons who are not physically present in this state if the commission determines that such wagering is not inconsistent with federal law or the law of the jurisdiction, including any foreign nation, in which any such person is located, or such wagering is conducted pursuant to a reciprocal agreement to which the state is a party that is not inconsistent with federal law.

NEW SECTION. Sec. 19. If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

NEW SECTION. Sec. 20. A new section is added to chapter 82.04 RCW to read as follows:

This chapter does not apply to any person in respect to a business activity with respect to which tax liability is specifically imposed under chapter 9.--- RCW (the new chapter created in section 21 of this act).

NEW SECTION. Sec. 21. Sections 1 through 19 and 39 of this act constitute a new chapter in Title 9 RCW.

Sec. 22. RCW 9.46.0335 and 1987 c 4 s 31 are each amended to read as follows:

(1) The legislature (hereby) authorizes any person, association, or organization to (conduct sports pools without a license to do so from the commission but only when the outcome of which is dependent upon the score, or scores, of a certain athletic contest and which is conducted only) conduct sports boards in the following manner:

(1) A board or piece of paper is divided into one hundred equal squares, each of which constitutes a chance to win in the sports pool.
and each of which is offered directly to prospective contestants at one dollar or less;

(2+) (a) The purchaser of each chance or square signs his or her name on the face of each square or chance he or she purchases; (end
(3+) (b) At some time not later than prior to the start of the subject athletic contest, the (pool) sports board is closed and no further chances in the (pool) sports board are sold;

(4+) (c) After the (pool) sports board is closed a prospective score is assigned by random drawing to each square;

(5+) (d) All money paid by entrants to enter the (pool) sports board less taxes is paid out as the prize or prizes to those persons holding squares assigned the winning score or scores from the subject athletic contest;

(6+) (e) The sports (pool) board is available for inspection by any person purchasing a chance thereon, the commission, or by any law enforcement agency upon demand at all times prior to the payment of the prize;

(7+) (f) The person or organization conducting the (pool) sports board is conducting no (other) more than two sports (pool) boards on the same athletic event; and

(8) The sports pool conforms) (g) Sports pools must conform to any rules and regulations of the commission (applicable thereto), including maximum wager limits set by the commission.

(2) For purposes of this section, "sports board" means a board or piece of paper that is divided into one hundred equal squares, each of which constitutes a chance to win in the sports pool and each of which is offered directly to prospective contestants.

Sec. 23. RCW 9.46.070 and 2012 c 116 s 1 are each amended to read as follows:

The commission shall have the following powers and duties:

(1) To authorize and issue licenses for a period not to exceed one year to bona fide charitable or nonprofit organizations approved by the commission meeting the requirements of this chapter and any rules and regulations adopted pursuant thereto permitting said organizations to conduct bingo games, raffles, amusement games, and social card games, to utilize punchboards and pull-tabs in accordance with the provisions of this chapter and any rules and regulations adopted pursuant thereto, and to revoke or suspend said licenses for violation of any provisions of this chapter or any rules and
regulations adopted pursuant thereto: PROVIDED, That the commission shall not deny a license to an otherwise qualified applicant in an effort to limit the number of licenses to be issued: PROVIDED FURTHER, That the commission or director shall not issue, deny, suspend, or revoke any license because of considerations of race, sex, creed, color, or national origin: AND PROVIDED FURTHER, That the commission may authorize the director to temporarily issue or suspend licenses subject to final action by the commission;

(2) To authorize and issue licenses for a period not to exceed one year to any person, association, or organization operating a business primarily engaged in the selling of items of food or drink for consumption on the premises, approved by the commission meeting the requirements of this chapter and any rules and regulations adopted pursuant thereto permitting said person, association, or organization to utilize punchboards and pull-tabs (ending to conduct social card games as a commercial stimulant in accordance with the provisions of this chapter and any rules and regulations adopted pursuant thereto, and to revoke or suspend said licenses for violation of any provisions of this chapter and any rules and regulations adopted pursuant thereto: PROVIDED, That the commission shall not deny a license to an otherwise qualified applicant in an effort to limit the number of licenses to be issued: PROVIDED FURTHER, That the commission may authorize the director to temporarily issue or suspend licenses subject to final action by the commission;

(3) To authorize and issue licenses ((for a period not to exceed one year to any person, association, or organization approved by the commission meeting the requirements of this chapter and meeting the requirements of any rules and regulations adopted by the commission pursuant to this chapter as now or hereafter amended, permitting said person, association, or organization to conduct or operate amusement games in such manner and at such locations as the commission may determine. The commission may authorize the director to temporarily issue or suspend licenses subject to final action by the commission)) as provided in chapter 9.--- RCW (the new chapter created in section 21 of this act);

(4) To require any license holder to report suspicious activities or irregular betting activities regarding type, scope, and manner, as directed by the commission, and submit such reports as the commission may deem necessary;
(5) To authorize, require, and issue, for a period not to exceed one year, such licenses as the commission may by rule provide(7) to any person, association, or organization to engage in the manufacturing, selling, distributing, or (otherwise) supplying (or in the manufacturing of devices for use within this state) of devices, equipment software, hardware, or any gambling-related services for those activities authorized by this chapter. The commission may authorize the director to temporarily issue or suspend licenses subject to final action by the commission;

(5+) (6) To establish a schedule of annual license fees for carrying on specific gambling activities upon the premises, and for such other activities as may be licensed by the commission, which fees shall provide to the commission not less than an amount of money adequate to cover all costs incurred by the commission relative to licensing under this chapter and the enforcement by the commission of the provisions of this chapter and rules and regulations adopted pursuant thereto: PROVIDED, That all licensing fees shall be submitted with an application therefor and such portion of said fee as the commission may determine, based upon its cost of processing and investigation, shall be retained by the commission upon the withdrawal or denial of any such license application as its reasonable expense for processing the application and investigation into the granting thereof: PROVIDED FURTHER, That if in a particular case the basic license fee established by the commission for a particular class of license is less than the commission's actual expenses to investigate that particular application, the commission may at any time charge to that applicant such additional fees as are necessary to pay the commission for those costs. The commission may decline to proceed with its investigation and no license shall be issued until the commission has been fully paid therefor by the applicant: AND PROVIDED FURTHER, That the commission may establish fees for the furnishing by it to licensees of identification stamps to be affixed to such devices and equipment as required by the commission and for such other special services or programs required or offered by the commission, the amount of each of these fees to be not less than is adequate to offset the cost to the commission of the stamps and of administering their dispersal to licensees or the cost of administering such other special services, requirements, or programs;
(6) To prescribe the manner and method of payment of taxes, fees, and penalties to be paid to or collected by the commission;

(7) To require that applications for all licenses contain such information as may be required by the commission: PROVIDED, That all persons (a) having a managerial or ownership interest in any gambling activity, or the building in which any gambling activity occurs, or the equipment to be used for any gambling activity, (b) participating as an employee in the operation of any gambling activity, or (c) participating as an employee in the operation or management of providing gambling-related services for sports gambling as provided in this chapter and chapter 9 --- RCW (the new chapter created in section 21 of this act) shall be listed on the application for the license, and the applicant shall certify on the application, under oath, that the persons named on the application are all of the persons known to have an interest in any gambling activity, building, or equipment by the person making such application: PROVIDED FURTHER, That the commission shall require fingerprinting and national criminal history background checks on any persons seeking licenses, certifications, or permits under this chapter or of any person holding an interest in any gambling activity, building, or equipment to be used therefor, or of any person participating as an employee in the operation of any gambling activity. All national criminal history background checks shall be conducted using fingerprints submitted to the United States Department of Justice federal bureau of investigation. The commission must establish rules to delineate which persons named on the application are subject to national criminal history background checks. In identifying these persons, the commission must take into consideration the nature, character, size, and scope of the gambling activities requested by the persons making such applications;

(8) To require that any license holder maintain records as directed by the commission and submit such reports as the commission may deem necessary;

(9) To require that all income from bingo games, raffles, and amusement games be recorded and reported as established by rule or regulation of the commission to the extent deemed necessary by considering the scope and character of the gambling activity in such a manner that will disclose gross income from any gambling activity, amounts received from each player, the nature and
value of prizes, and the fact of distributions of such prizes to the
winners thereof;

(410)) (11) To regulate and establish maximum limitations on
income derived from bingo. In establishing limitations pursuant to
this subsection, the commission shall take into account (a) the
nature, character, and scope of the activities of the licensee; (b)
the source of all other income of the licensee; and (c) the
percentage or extent to which income derived from bingo is used for
charitable, as distinguished from nonprofit, purposes. However, the
commission's powers and duties granted by this subsection are
discretionary and not mandatory;

(411)) (12) To regulate and establish the type (and) scope
of, and manner of conducting the gambling activities authorized by
this chapter, including, but not limited to, the extent of wager,
money, or other thing of value which may be wagered (412))
contributed or won by a player in any such activities;

(413)) (13) To regulate the collection of and the accounting
for the fee which may be imposed by an organization, corporation, or
person licensed to conduct a social card game on a person desiring to
become a player in a social card game in accordance with RCW
9.46.0282;

(414)) (14) To cooperate with and secure the cooperation of
county, city, and other local or state agencies in investigating any
matter within the scope of its duties and responsibilities;

(415)) (15) In accordance with RCW 9.46.080, to adopt such
rules and regulations as are deemed necessary to carry out the
purposes and provisions of this chapter. All rules and regulations
shall be adopted pursuant to the administrative procedure act,
chapter 34.05 RCW;

(416)) (16) To set forth for the perusal of counties, city-
counties, or cities and towns(7) model ordinances by which any
legislative authority thereof may enter into the taxing of any
gambling activity authorized by this chapter;

(417) (a) To establish and regulate a maximum limit on
salaries or wages which may be paid to persons employed in connection
with activities conducted by bona fide charitable or nonprofit
organizations and authorized by this chapter, where payment of such
persons is allowed, and to regulate and establish maximum limits for
other expenses in connection with such authorized activities,
including, but not limited to, rent or lease payments. However, the
commissioner's powers and duties granted by this subsection are
discretionary and not mandatory.

(b) In establishing these maximum limits the commission shall
take into account the amount of income received, or expected to be
received, from the class of activities to which the limits will apply
and the amount of money the games could generate for authorized
charitable or nonprofit purposes absent such expenses. The commission
may also take into account, in its discretion, other factors,
including, but not limited to, the local prevailing wage scale and
whether charitable purposes are benefited by the activities;

((47+)) (18) To authorize, require, and issue for a period not
to exceed one year such licenses or permits, for which the commission
may by rule provide, to any person to work for any operator of any
gambling activity authorized by this chapter in connection with that
activity, or any manufacturer, supplier, or distributor of devices
for those activities in connection with such business. The commission
may authorize the director to temporarily issue or suspend licenses
subject to final action by the commission. The commission shall not
require that persons working solely as volunteers in an authorized
activity conducted by a bona fide charitable or bona fide nonprofit
organization, who receive no compensation of any kind for any purpose
from that organization, and who have no managerial or supervisory
responsibility in connection with that activity, be licensed to do
such work. The commission may require that licensees employing such
unlicensed volunteers submit to the commission periodically a list of
the names, addresses, and dates of birth of the volunteers. If any
volunteer is not approved by the commission, the commission may
require that the licensee not allow that person to work in connection
with the licensed activity;

((49+)) (19) To publish and make available at the office of the
commission or elsewhere to anyone requesting it a list of the
commission licensees, including the name, address, type of license,
and license number of each licensee;

((49+)) (20) To establish guidelines for determining what
constitutes active membership in bona fide nonprofit or charitable
organizations for the purposes of this chapter;

((49+)) (21) To renew the license of every person who applies
for renewal within six months after being honorably discharged,
removed, or released from active military service in the armed forces
of the United States upon payment of the renewal fee applicable to

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the license period, if there is no cause for denial, suspension, or revocation of the license;

(22) To issue licenses under subsections (1) through (4) of this section that are valid for a period of up to eighteen months, if it chooses to do so, in order to transition to the use of the business licensing services program through the department of revenue; and

(23) To perform all other matters and things necessary to carry out the purposes and provisions of this chapter.

Sec. 24. RCW 9.46.130 and 2011 c 336 s 303 are each amended to read as follows:

The premises and paraphernalia, and all the books, records, databases, hardware, software, or any other electronic data storage device of any person, association, or organization conducting gambling activities authorized under this chapter and any person, association, or organization receiving profits therefrom or having any interest therein shall be subject to inspection and audit at any reasonable time, with or without notice, upon demand, by the commission or its designee, the attorney general or his or her designee, the chief of the Washington state patrol or his or her designee or the prosecuting attorney, sheriff, or director of public safety or their designees of the county wherein located, or the chief of police or his or her designee of any city or town in which said organization is located, for the purpose of determining compliance or noncompliance with the provisions of this chapter and any rules or regulations or local ordinances adopted pursuant thereto or any federal or state law. A reasonable time for the purpose of this section shall be: (1) If the items or records to be inspected or audited are located anywhere upon a premises, any portion of which is regularly open to the public or members and guests, then at any time when the premises are so open (r) or at which they are usually open; or (2) if the items or records to be inspected or audited are not located upon a premises set out in subsection (1) of this section, then any time between the hours of 8:00 a.m. and 9:00 p.m., Monday through Friday.

The commission shall be provided at such reasonable intervals as the commission shall determine with a report, under oath, detailing all receipts and disbursements in connection with such gambling activities, together with such other reasonable information as
required in order to determine whether such activities comply with
the purposes of this chapter or any local ordinances relating
thereto.

Sec. 25. RCW 9.46.153 and 1981 c 139 s 14 are each amended to
read as follows:
(1) It shall be the affirmative responsibility of each applicant
and licensee to establish by clear and convincing evidence the
necessary qualifications for licensure of each person required to be
qualified under this chapter, as well as the qualifications of the
facility in which the licensed activity will be conducted;
(2) All applicants and licensees shall consent to inspections,
searches and seizures, and the supplying of handwriting examples as
authorized by this chapter and rules adopted hereunder;
(3) All licensees, and persons having any interest in licensees,
including but not limited to employees and agents of licensees, and
other persons required to be qualified under this chapter or rules of
the commission shall have a duty to inform the commission or its
staff of any action or omission which they believe would constitute a
violation of this chapter or rules adopted pursuant thereto, or a
violation of state or federal law. No person who so informs the
commission or the staff shall be discriminated against by an
applicant or licensee because of the supplying of such information;
(4) All applicants, licensees, persons who are operators or
directors thereof, and persons who otherwise have a substantial
interest therein shall have the continuing duty to provide any
assistance or information required or requested by the commission and
to investigations conducted by the commission. If, upon issuance of a
formal request to answer or produce information, evidence, or
testimony, any applicant, licensee or officer or director thereof, or
person with a substantial interest therein, refuses to comply, the
applicant or licensee may be denied or revoked by the commission;
(5) All applicants and licensees shall waive any and all
liability as to the state of Washington, its agencies, employees, and
agents for any damages resulting from any disclosure or publication
in any manner, other than a willfully unlawful
disclosure or publication, of any information acquired by the
commission during its licensing or other investigations inquiries or hearings;
(6) Each applicant or licensee may be photographed for investigative and identification purposes in accordance with the rules of the commission;

(7) An application to receive a license under this chapter or rules adopted pursuant thereto constitutes a request for a determination of the applicant's and those person's with an interest in the applicant, general character, integrity and ability to engage or participate in, or be associated with, gambling or related activities impacting this state. Any written or oral statement made in the course of an official investigation, proceeding or process of the commission by any member, employee or agent thereof or by any witness, testifying under oath, which is relevant to the investigation, proceeding or process, is absolutely privileged and shall not impose any liability for slander, libel or defamation, or constitute any grounds for recovery in any civil action.

Sec. 26. RCW 9.46.155 and 2003 c 53 s 34 are each amended to read as follows:

(1) No ((applicant or licensee)) person shall give or provide, or offer to give or provide, directly or indirectly, to any public official ((e±)) employee or agent of this state, or any of its agencies or political subdivisions, any compensation or reward, or share of the money or property paid or received through gambling activities, in consideration for obtaining any license, authorization, permission or privilege to participate in any gaming operations except as authorized by this chapter or rules adopted pursuant thereto.

(2) No person shall give or provide, or attempt to give or provide, directly or indirectly, any compensation, reward, or thing of value to a sporting event participant, including an athlete, coach, referee, official, medical staff, team, school, league official or employee, or anyone else having actual or potential influence over a sporting event, to influence or require the sporting event participant to manipulate a game or contest as prohibited in chapter 67.04 RCW, or provide confidential or insider information with the intent to use the information to gain an advantage in a gambling activity.

(3) Unless otherwise provided in another title or section, violation of this section is a class C felony for which a person, upon conviction, shall be punished by imprisonment for not more than
five years or a fine of not more than one hundred thousand dollars, or both.

Sec. 27. RCW 9.46.190 and 1991 c 261 s 7 are each amended to read as follows:

Any person (or any association or organization operating any gambling activity who or which, directly or indirectly, shall in the course of such operation:

(1) Employ any device, scheme, or artifice to defraud; or

(2) Make any untrue statement of a material fact, or omit to state a material fact necessary in order to make the statement made not misleading, in the light of the circumstances under which said statement is made; or

(3) Engage in any act, practice, or course of operation as would operate as a fraud or deceit upon any person; or

(4) Alter or misrepresent the outcome of a game or other event on which wagers have been made after the outcome is made sure, but before it is revealed to the players; or

(5) Place, increase, or decrease a bet, or determine the course of play after acquiring knowledge, not available to all players, of the outcome of the game or any event that affects the outcome of the game or which is the subject of the bet, or aid anyone in acquiring such knowledge for the purpose of placing, increasing, or decreasing a bet, or determining the course of play contingent upon that event or outcome; or

(6) Claim, collect, or take, or attempt to claim, collect, or take money or anything of value in or from a gambling game, with intent to defraud, without having made a wager contingent thereon, or to claim, collect, or take an amount greater than the amount won; or

(7) Knowingly entice or induce another to go to any place where a gambling game is being conducted or operated in violation of this chapter, with the intent that the other person play or participate in that gambling game; or

(8) Place or increase a bet after acquiring knowledge of the outcome of the game or other event which is the subject of the bet, including past-posting and pressing bets; or

(9) Reduce the amount wagered or cancel the bet after acquiring knowledge of the outcome of the game or other event which is the subject of the bet, including pinching bets; or
(10) Manipulate, with the intent to cheat, any component of a
gaming device in a manner contrary to the designed and normal
operational purpose for the component, including, but not limited to,
varying the pull of the handle of a slot machine, with knowledge that
the manipulation affects the outcome of the game or with knowledge of
any event that affects the outcome of the game; or

(11) Offer, promise, or give anything of value to anyone for the
purpose of influencing the outcome of a race, sporting event,
contest, or game upon which a wager may be made, or place, increase,
or decrease a wager after acquiring knowledge, not available to the
general public, that anyone has been offered, promised, or given
anything of value for the purpose of influencing the outcome of the
race, sporting event, contest, or game upon which the wager is
placed, increased, or decreased; or

(12) Change or alter the normal outcome of any game played on an
interactive gaming system or a mobile gaming system or the way in
which the outcome is reported to any participant in the game;

Shall be guilty of a ((gross misdemeanor)) class C felony subject
to the penalty set forth in RCW 9A.20.021.

Sec. 28. RCW 9.46.210 and 2000 c 46 s 1 are each amended to read
as follows:

(1) It shall be the duty of all peace officers, law enforcement
officers, and law enforcement agencies within this state to
investigate, enforce, and prosecute all violations of this chapter.

(2) In addition to the authority granted by subsection (1) of
this section, law enforcement agencies of cities and counties shall
investigate and report to the commission all violations of the
provisions of this chapter and of the rules of the commission found
by them and shall assist the commission in any of its investigations
and proceedings respecting any such violations. Such law enforcement
agencies shall not be deemed agents of the commission.

(3) In addition to its other powers and duties, the commission
shall have the power to enforce the penal provisions of ((chapter
218, Laws of 1973 1st ex. sess.)) chapters 9.46 and 9.--- RCW (the
new chapter created in section 21 of this act), and as it may be
amended, and the penal laws of this state relating to the conduct of,
or participation in, gambling activities, including chapter 9A.83
RCW, and the manufacturing, importation, transportation,
distribution, possession, and sale of equipment or paraphernalia used
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or for use in connection therewith. The director, the deputy
director, both assistant directors, and each of the commission's
investigators, enforcement officers, and inspectors shall have the
power, under the supervision of the commission, to enforce the penal
provisions of ((chapter 218, laws of 1973 1st ex. sess.)) chapters
9.46 and 9.--- RCW (the new chapter created in section 21 of this
act) and as it may be amended, and the penal laws of this state
relating to the conduct of, or participation in, gambling activities,
including chapter 9A.83 RCW, and the manufacturing, importation,
transportation, distribution, possession, and sale of equipment or
paraphernalia used or for use in connection therewith. They shall
have the power and authority to apply for and execute all warrants
and serve process of law issued by the courts in enforcing the penal
provisions of ((chapter 218, laws of 1973 1st ex. sess.)) chapters
9.46 and 9.--- RCW (the new chapter created in section 21 of this
act) and as it may be amended, and the penal laws of this state
relating to the conduct of, or participation in, gambling activities,
including chapter 9A.83 RCW, and the manufacturing, importation,
transportation, distribution, possession, and sale of equipment or
paraphernalia used or for use in connection therewith. They shall
have the power to arrest without a warrant any person or persons
found in the act of violating any of the penal provisions of
((chapter 218, laws of 1973 1st ex. sess.)) chapters 9.46 and 9.---
RCW (the new chapter created in section 21 of this act) and as it may
be amended, and the penal laws of this state relating to the conduct
of, or participation in, gambling activities, including chapter 9A.83
RCW, and the manufacturing, importation, transportation,
distribution, possession, and sale of equipment or paraphernalia used
or for use in connection therewith. To the extent set forth above,
the commission shall be a law enforcement agency of this state with
the power to investigate for violations of, and to enforce, the
provisions of this chapter, as now law or hereafter amended, and to
obtain information from, and provide information to, all other law
enforcement agencies.

(4) Criminal history record information that includes
nonconviction data, as defined in RCW 10.97.030, may be disseminated
by a criminal justice agency to the Washington state gambling
commission for any purpose associated with the investigation for
suitability for involvement in gambling activities authorized under
this chapter. The Washington state gambling commission shall only
disseminate nonconviction data obtained under this section to
criminal justice agencies.

(5) In addition to its other powers and duties, the commission
shall have the power to:

(a) Establish a sports integrity unit to prevent and detect
competition manipulation through education and enforcement of the
penal provisions of chapters 9.46 and 9.--- RCW (the new chapter
created in section 21 of this act), chapter 67.04 RCW, or any other
state penal laws needed to protect the integrity of amateur and
professional sporting events and contests within the state; and

(b) Track and monitor gambling-related transactions occurring
within the state and require any reporting as needed.

Sec. 29. RCW 9.46.220 and 1997 c 78 s 2 are each amended to read
as follows:

(1) A person is guilty of professional gambling in the first
degree if he or she engages in, or knowingly causes, aids, abets, or
conspires with another to engage in, professional gambling as defined
in this chapter, and:

(a) Acts in concert with or conspires with five or more people;
or

(b) Personally accepts wagers exceeding five thousand dollars
during any thirty-day period on future contingent events; or

(c) The operation for whom the person works, or with which the
person is involved, accepts wagers exceeding five thousand dollars
during any thirty-day period on future contingent events; or

(d) Operates, manages, or profits from the operation of a
premises or location where persons are charged a fee to participate
in card games, lotteries, or other gambling activities that are not
authorized by this chapter or licensed by the commission;
or

(e) Engages in bookmaking as defined in RCW 9.46.0213.

(2) However, this section shall not apply to those activities
enumerated in RCW 9.46.0305 through 9.46.0361 or to any act or acts
in furtherance of such activities when conducted in compliance with
the provisions of this chapter and in accordance with the rules
adopted pursuant to this chapter.

(3) Professional gambling in the first degree is a class B felony
subject to the penalty set forth in RCW 9A.20.021.
Sec. 30. RCW 9.46.240 and 2006 c 290 s 2 are each amended to read as follows:

1. Whoever knowingly transmits or receives gambling information by telephone, telegraph, radio, semaphore, the internet, a telecommunications transmission system, or similar means, or knowingly installs or maintains equipment for the transmission or receipt of gambling information shall be guilty of a class C felony subject to the penalty set forth in RCW 9A.20.021. (However, this)

2. This section shall not apply to such information transmitted or received, or equipment or devices installed or maintained, relating to activities authorized by this chapter, chapter 9.- RCW (the new chapter created in section 21 of this act), or to any act or acts in furtherance thereof when conducted in compliance with the provisions of this chapter (and) in accordance with the rules adopted under this chapter, and consistent with tribal-state gambling compacts.

Sec. 31. RCW 67.04.010 and 2012 c 117 s 294 are each amended to read as follows:

Any person who shall bribe or offer to bribe (or) any (baseball player) sporting event participant, including an athlete, coach, referee, official, medical staff, or anyone else having actual or potential influence over a sporting event, with the intent to influence (his or her play, action, or conduct in any baseball game) the outcome of a play, game, match, or event, or any person who shall bribe or offer to bribe any (umpire of a baseball game, with intent to influence him or her to make a wrong decision or to bias his or her opinion or judgment in relation to any baseball game or any play occurring therein, or any person who shall bribe or offer to bribe any manager, or other official of a baseball club, league, or association, by whatsoever name called, conducting said game of baseball to throw or lose a game of baseball) team, school, or league official or employee to obtain confidential or insider information on a player, team, or coach with the intent to violate a section of this act or use the information to gain a gambling advantage in violation of chapters 9.46 and 9.- RCW (the new chapter created in section 21 of this act), shall be guilty of a (gross misdemeanor) class B felony.
Sec. 32. RCW 67.04.020 and 2012 c 117 s 295 are each amended to read as follows:

Any ((baseball player)) sporting event, athlete, player, or participant who shall accept or agree to accept((τ)) a bribe offered for the purpose of wrongfully influencing his or her play, action, decision making, or conduct in any ((baseball game)) sporting event, or any umpire ((of a baseball game)), official, referee, or any other person responsible for implementing game or event rules and scoring who shall accept or agree to accept a bribe offered for the purpose of influencing him or her to make a wrong decision, or biasing his or her opinions, rulings, or judgment with regard to any play, or any ((manager of a baseball club, or club)) person, including an owner, manager, coach, medical staff, official, employee of a team, organization, or league official, who shall accept((τ)) or agree to accept((τ)) any bribe offered for the purpose of inducing him or her to manipulate a game or contest, including to lose or cause to be lost any ((baseball)) game or contest, as set forth in RCW 67.04.010, shall be guilty of a ((gross misdemeanor)) class C felony.

Sec. 33. RCW 67.04.030 and 2012 c 117 s 296 are each amended to read as follows:

To complete the offenses mentioned in RCW 67.04.010 and 67.04.020, it shall not be necessary that ((the baseball)) a player, manager, umpire, ((εσ)) official, or anyone else having actual or potential influence over a sporting event shall, at the time, have been actually employed, selected, or appointed to perform his or her respective duties; it shall be sufficient if the bribe be offered, accepted, or agreed to with the view of probable employment, selection, or appointment of the person to whom the bribe is offered, or by whom it is accepted. Neither shall it be necessary that such ((baseball)) player, umpire, ((εσ)) manager, official, or anyone else having actual or potential influence over a sporting event actually play or participate in a game or games concerning which said bribe is offered or accepted; it shall be sufficient if the bribe be given, offered, or accepted in view of his or her possibly participating therein.

Sec. 34. RCW 67.04.040 and 2012 c 117 s 297 are each amended to read as follows:
By a "bribe" as used in RCW 67.04.010 through 67.04.080, is meant any gift, emolument, money or thing of value, testimonial, privilege, appointment, or personal advantage, or the promise of either, bestowed or promised for the purpose of influencing, directly or indirectly, any (baseball) player, manager, umpire, club or league official, or anyone else having actual or potential influence over a sporting event to see which game an admission fee may be charged, or in which game of (baseball) any player, manager, (e.g.) umpire, official, or anyone else having actual or potential influence over a sporting event is paid any compensation for his or her services. Said bribe as defined in RCW 67.04.010 through 67.04.080 need not be direct; it may be such as is hidden under the semblance of a sale, bet, wager, payment of a debt, or in any other manner designed to cover the true intention of the parties.

Sec. 35. RCW 67.04.050 and 2012 c 117 s 298 are each amended to read as follows:

Any (baseball) player, manager, umpire, referee, official, or club or league (official) employee who shall commit any willful act of omission or commission in playing, or directing the playing, of a (baseball) game, sporting event, or contest, with intent to (cause) manipulate a sporting event, including causing the (baseball club) team, with which he or she is affiliated, to lose a (baseball) game or event; or any umpire, referee, or official officiating in a (baseball) game or event, or any club or league (official) employee who shall commit any willful act connected with his or her official duties for the purpose and with the intent to (cause) manipulate a sporting event, including causing a (baseball club) team to win or lose a (baseball) game or event, which it would not otherwise have won or lost under the rules governing the playing of said game, shall be guilty of a (gross misdemeanor) class C felony.

Sec. 36. RCW 67.04.060 and 1921 c 181 s 6 are each amended to read as follows:

In all prosecutions under RCW 67.04.010 through 67.04.080, the venue may be laid in any county where the bribe herein referred to was given, offered or accepted, or in which the (baseball game) sporting event or contest was played in relation to which the bribe
was offered, given or accepted, or the acts referred to in RCW 67.04.050 committed.

Sec. 37. RCW 67.04.070 and 2012 c 117 s 299 are each amended to read as follows:
Nothing in RCW 67.04.010 through 67.04.080 shall be construed to prohibit the giving or offering of any bonus or extra compensation to any manager ((or baseball), player, coach, or other persons connected with a collegiate or professional team, organization, or league by any person to encourage such manager or player to a higher degree of skill, ability, or diligence in the performance of his or her duties.

Sec. 38. RCW 67.04.080 and 1921 c 181 s 8 are each amended to read as follows:
RCW 67.04.010 through 67.04.080 shall apply only to ((baseball league and club officials)) sporting event leagues, teams, players, referees, umpires, managers ((and players)), or anyone else having actual or potential influence over a sporting event who act in ((such)) their official capacity in ((games)) sporting events or contests where the public is generally invited to attend and ((a general admission)) an entrance fee is charged.

NEW SECTION. Sec. 39. Sports wagering lounges at which a sports pool is operated are a permitted use in all commercial, retail, industrial, nonresidential, and mixed-use zoning districts of a municipality.

NEW SECTION. Sec. 40. RCW 67.24.010 is recodified as a section in chapter 67.04 RCW.

NEW SECTION. Sec. 41. RCW 67.24.020 (Scope of 1945 c 107) and 1945 c 107 s 2 are each repealed.

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HOUSE BILL REPORT
HB 2638

As Reported by House Committee On:
Commerce & Gaming

Title: An act relating to authorizing sports wagering subject to the terms of tribal-state gaming compacts.

Brief Description: Authorizing sports wagering subject to the terms of tribal-state gaming compacts.

Sponsors: Representatives Peterson, MacEwen, Stonier, Harris, Robinson, Young, Ortiz-Self, Stokesbary, Tharinger, Walsh, Riccelli, Appleton, Griffey, Hansen, Kloba, Lekanoff, Sells, Chapman, Gregerson and Ramel.

Brief History:
Committee Activity:
Commerce & Gaming: 1/27/20, 1/30/20 [DPS].

Brief Summary of Substitute Bill
- Authorizes the amendment of tribal-state gaming compacts, upon a tribe's request, to allow sports wagering at the tribe's facility when conducted pursuant to the terms of negotiated tribal-state gaming compacts.
- Amends and adds to the powers and duties of the Gambling Commission, including related to licensing, inspections and audits, the filing of suspicious activity and betting reports, and ensuring sports integrity.
- Establishes new crimes and amends existing crimes in the Gambling Act.

HOUSE COMMITTEE ON COMMERCE & GAMING

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 8 members: Representatives Peterson, Chair; Kloba, Vice Chair; Chambers, Assistant Ranking Minority Member; Blake, Kirby, Morgan, Ramel and Young.

Minority Report: Do not pass. Signed by 1 member: Representative Vick.


This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.
Staff: Peter Clodfelter (786-7127).

Background:

In May 2018, in the case of Murphy v. National Collegiate Athletic Association, the United States Supreme Court ruled that the federal Professional and Amateur Sports Protection Act (1992) violates the Tenth Amendment to the United States Constitution by prohibiting states from authorizing sports betting. In the wake of this court decision ending the decades-long federal ban on sports betting, states throughout the country are examining their laws and policies pertaining to betting on sporting events.

The federal Indian Gaming Regulatory Act (1988) (IGRA) affirmed tribal gaming rights and provides a framework for Indian tribes and states to negotiate, on a government-to-government basis, for how class III gaming will be conducted within a state and on tribal lands. Types of gaming are separated into three classes under IGRA. Class III gaming is casino-style gaming including lotteries, roulette, and house-banked card games such as blackjack and baccarat. Whereas tribes and the state negotiate regarding Class III gaming and how it will be authorized and regulated, Class I and II gaming is regulated by tribes only. Class I gaming includes social games for prizes of minimal value or traditional forms of Indian gaming engaged in by individuals in connection with tribal ceremonies or celebrations. Class II gaming includes bingo and certain non-house-banked card games.

In Washington, the Gambling Commission (Commission) negotiates compacts for Class III gaming with federally recognized Indian tribes. There are 29 federally recognized Indian tribes in Washington, all of whom have a gaming compact with the state. When a tentative agreement on a proposed compact is reached, the Director of the Commission (Director) transmits a copy to all voting and ex officio members of the Commission and to the appropriate standing committees of the Legislature. Additionally, within 30 days after receiving a proposed compact from the Director, one standing committee from each house of the Legislature holds a public hearing on the proposed compact and forwards its respective comments to the Commission.

The Commission may also hold public hearings on the proposed compact any time after receiving a copy of the compact from the Director. Within 45 days after receiving the proposed compact from the Director, the Commission, including the four ex officio members, votes on whether to return the proposed compact to the Director with instructions for further negotiation or to forward the proposed compact to the Governor for review and final execution. If the Director forwards a proposed compact to the Commission and the designated standing committees within 10 days before the beginning of a regular session of the Legislature, or during a regular or special session of the legislature, the 30-day time limit and the 45-day limit are each 45 days and 60 days, respectively.

Summary of Substitute Bill:

Upon the request of a federally recognized Indian tribe, the tribe's class III gaming compact may be amended pursuant to the Indian Gaming Regulatory Act and state law to authorize
the tribe to conduct and operate sports wagering on federal Indian lands. The compact amendment must address topics including licensing, fees associated with the Gambling Commission's (Commission) regulation of sports wagering, how sports wagering will be conducted, operated, and regulated, issues related to criminal enforcement, money laundering, sport integrity, information sharing between the tribe and Commission, and responsible and problem gambling.

Gambling information may be transmitted over the Internet for any sports wagering conducted and operated under the new authorization, provided that a wager may be placed and accepted at a tribe's gaming facility only while the customer placing the wager is physically present on the premises of that tribe's gaming facility.

"Sports wagering" is defined as the business of accepting wagers on any of the following sporting events, athletic events, or competitions:
- a professional sport or athletic event;
- a collegiate sport or athletic event;
- an Olympic or international sports competition or event;
- an electronic sports or esports competition or event;
- a combination of the above sporting events, athletic events, or competitions; and
- a portion of any of the above sporting events, athletic events, or competitions.

The term "collegiate sport or athletic event" is a sport or athletic event offered or sponsored by, or played in connection with, a public or private institution offering education services beyond the secondary level, other than an institution located within Washington. The term "electronic or esports event" is a live event or tournament attended or watched by members of the public where games or matches are contested in real time by players and teams, and players or teams can win a prize based on their performance in the live event or tournament. The term "professional sport or athletic event" is an event that is not a collegiate sport or athletic event at which two or more persons participate in sports or athletic events and receive compensation in excess of actual expenses for their participation in the event.

The existing authority of the Commission to authorize and require licensure of those who engage in the selling, distributing, or suppling of gambling devices for use in Washington is amended to add "manufacturing" to the activities and to add "equipment, software, hardware, or any gambling-related services" to the things within the commission's licensing authority. Also, a person participating as an employee in the operation, management, or provision of gambling-related services for sports wagering is added as a person who must be listed on the application for a gambling license. Additionally, the Commission may adopt rules related to licensing those who engage in any authorized sports wagering-related activities. It is provided that existing criminal money laundering statutes are included in the types of penal laws relating to gambling activities the Commission has authority to enforce.

Databases, hardware, software, and any other electronic data storage device are added to the things subject to inspection and audit by the Commission and law enforcement when owned by a person conducting, profiting from, or having an interest in authorized gambling. Also, compliance with federal and state laws is added to the scope of inspections and audits by the Commission. The Commission may require the submission of reports on suspicious activities or irregular betting activities to effectively identify players, wagering information,
and suspicious and illegal transactions. The Commission may also ensure sport integrity and prevent and detect competition manipulation through education and enforcement of applicable laws. The Commission may track and monitor gambling-related transactions occurring within Washington to aid in its enforcement of applicable laws, including the use of funds derived from illegal activity, wagers to conceal or launder funds derived from illegal activity, use of agents to place wagers, or use of false identification by a player.

The following new class C felony criminal prohibitions are added to the Gambling Act:

- No person may offer, promise, give, or attempt to give any thing of value to any person for the purpose of influencing the outcome of a sporting event, athletic event, or competition upon which a wager may be made.
- No person may place, increase, or decrease a wager after acquiring knowledge unavailable to the general public that anyone has been offered, promised, or given any thing of value for the purpose of influencing the outcome of a sporting event, athletic event, or competition upon which the wager is placed, increased, or decreased.
- No person may offer, promise, give, or attempt to give any thing of value to obtain confidential or insider information not available to the public with intent to use the information to gain a wagering advantage on a sporting event or competition.
- No person may accept or agree to accept any thing of value for the purpose of wrongfully influencing his or her play, action, decision making, or conduct in any sporting event, athletic event, or competition upon which a wager may be made.

New criminal prohibitions are also added applicable to those who operate any gambling activity. A person, association, or organization may not, directly or indirectly, do the following in the course of operating the gambling activity:

- alter or misrepresent the outcome of a game or event on which wagers have been made after the outcome is made sure but before it is revealed to the players;
- place, increase, or decrease a bet or determine the course of play after acquiring knowledge, not available to all players, of the outcome of the game or any event that affects the outcome of the game or which is the subject of the bet or to aid anyone in acquiring such knowledge for the purpose of placing, increasing, or decreasing a bet or determining the course of play contingent upon that event or outcome;
- knowingly entice or induce another person to go to any place where a gambling activity is being conducted or operated in violation of the Gambling Act, with the intent that the other person play or participate in that gambling activity;
- place or increase a bet after acquiring knowledge of the outcome of the game or other event that is the subject of the bet;
- reduce the amount wagered or cancel the bet after acquiring knowledge of the outcome of the game or event that is the subject of the bet.

All the above new prohibitions are class C felonies. The existing gross misdemeanor crime of a person operating a gambling activity and employing a device or scheme to defraud another person is changed to a class C felony. Engaging in bookmaking is added to the existing crime of Professional Gambling in the First Degree.

By December 1 of the year following any authorization by the Legislature of a new gambling activity, any report by the Commission to the Governor and the appropriate committees of
the Legislature submitted pursuant to an existing reporting duty must include information on
the state of the gambling industry both within Washington and nationwide.

Substitute Bill Compared to Original Bill:

The substitute bill makes the following changes to the original bill:
- identifies additional provisions for inclusion in a tribal-state gaming compact
  amendment on sports wagering and provides that the state may (not must) agree to a
  compact amendment;
- authorizes the Gambling Commission (Commission) to license those who engage in
  sports wagering-related services for use within Washington. Adds a person
  participating as an employee in the operation, management, or provision of gambling-
  related services for sports wagering as a person who must be listed on the application
  for a gambling license;
- eliminates the proposed duty of the Commission to provide an opportunity to
  comment to professional and college sports teams and leagues in the adoption of
  sports wagering-related rules;
- adds databases, hardware, software, and any other electronic data storage device to
  the things subject to inspection and audit by the Commission and law enforcement
  when owned by a person conducting authorized gambling. Also adds compliance
  with federal and state laws to the scope of such an inspection and audit (rather than
  only compliance with the Gambling Act);
- authorizes the Commission to require the submission of reports on suspicious
  activities or irregular betting activities to effectively identify players, wagering
  information, and suspicious and illegal transactions;
- adds new criminal prohibitions to the Gambling Act, and grants additional powers to
  the Commission, including the power to track and monitor gambling-related
  transactions occurring within Washington; and
- changes the reporting requirement so that no later than December 1 of the year
  following authorization by the Legislature of a new gambling activity, reports by the
  Commission to the Governor and the Legislature must include information on the
  state of the gambling industry both within Washington and nationwide.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of the
session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) This is a sensible step into legalized sports wagering in Washington. It is an
activity already occurring and will continue to grow, so it is incumbent on the Legislature to
find the best path forward. Tribes and the state have an excellent working partnership
already as sovereign-to-sovereign governments, including work done related to problem
gambling, and so it makes sense to continue that partnership and add sports wagering as an additional offering at tribal casinos. The state has a history of acting conservatively in terms of expanding gambling. Tribal gaming is a structured regulatory environment and there are significant internal controls. Because tribes are located throughout the state, there will be access for consumers to sports betting no matter where they live. It is best to start slowly by authorizing sports wagering at existing tribal facilities, without adding mobile sports betting, and then to evaluate how it works. Gaming revenue supports and has transformed communities all across Washington. Gaming revenue funds essential tribal government services including social services, medical needs, child care, elder care, housing, and transportation. Revenue also supports charities, nonprofits, problem-gambling treatment and support, and local first responders. Gaming revenue provides options for free tuition to a college or school of one’s choice; and those tribal members who benefit from these opportunities return to Washington and continue to improve their community. This has created opportunity for people in their twenties and thirties that would not exist absent tribal gaming. The impact of tribal gaming on Washington’s economy is tremendous. Tribes directly employ around 30,000 people in Washington, and this includes tribal members and non-tribal members. Tribal gaming adds billions of dollars of economic activity to the state. Employment opportunities in tribal gaming provide a living wage and sustainable career path. Tribes appreciate their relationships with and the work of the Gambling Commission (Commission), which is the appropriate regulatory entity for sports wagering. It does not make sense to equate tribes with non-tribal private industry in the context of the argument that, to level the playing field, sports betting must also be authorized at non-tribal card rooms. For tribal gaming, 100 percent of the profit supports tribes, and the money is re-invested in the community; this is not the case with gaming conducted by private companies where the law authorizes gaming as a commercial stimulant to a bar or restaurant, not a standalone activity like for tribal gaming.

(Opposed) A comprehensive approach to sports betting that will provide tax revenue to the state and truly combat the illicit off-shore sports betting market is a wiser approach than this bill. It is easy to set up an off-shore betting account on a phone or computer with a credit card, and many people who want to bet on sports have to do so through these unregulated and illegal services. There is consumer demand for sports betting, including mobile sports betting. Mobile and Internet-based engagement is the way the world is heading. Without allowing mobile sports betting, the illicit market will continue to thrive. The data from New Jersey’s sports betting program supports this, where over 85 percent of bets are placed through mobile devices. Licensed card rooms are heavily regulated, just as tribal gaming is, and card rooms also consider themselves partners with the state. Card rooms employ thousands of employees in Washington, including card room workers, management, cooks, and dishwashers. Local card rooms under common ownership have already instituted a system-wide self-exclusion policy to combat problem gambling. States across the country are realizing tax revenue from sports wagering; Washington should develop a law that does so as well. Stakeholders are committed to working together to find a solution that benefits the state, tribes, employees, and all communities. Allowing sports betting at card rooms would create jobs for veterans. This is a missed opportunity if not all groups with the capacity and desire to offer sports betting to consumers have the opportunity to do so. The state should be creating more opportunities, not less.
(Other) The Commission is neutral on what scope of sports betting the Legislature wants to authorize and looks at bills through the lens of ensuring gambling is legal and honest. The Commission appreciates that the bill includes the different regulatory components that the Commission believes any sports betting bill should address to establish a sound regulatory structure. The Commission understands it would be the primary regulator of sports betting, and the bill gives the Commission the tools it needs to do that job. The bill provides a renewed opportunity to focus on and combat the illicit market for sports betting. The Commission would already be obligated through the Administrative Procedure Act to work with interested sports leagues and teams related to sports wagering rules, which is why the new language in the original bill on that point is removed in the proposed substitute bill. It is critical that the horse racing industry have an opportunity to participate in any new sports wagering. Horse racing started in 1933, before other gambling was authorized, so the horse racing industry has the experience to participate in any newly authorized sports betting. The Emerald Downs facility is perfect for offering sports betting. It is a big facility with lots of parking. The existing facility needs new financial incentives to carry on and could easily add sports betting to its current offerings. Although Washington was conservative in expanding gambling early on, the politics of the state are now perhaps more libertarian, when considering changes like the legalization of recreational marijuana. Horse racing supports thousands of jobs in Washington and provides several hundred million dollars of economic benefit to the state. The horse racing industry has always been self-sustaining, but that has changed and things are critical in terms of the financial feasibility of continuing in the industry without a change. Every state that has authorized sports betting and that has a horse racing industry in the state has included authorization for sports betting at horse racetracks. Washington should do so as well and not be an outlier.

**Persons Testifying:** (In support) Representative Peterson, prime sponsor; David Bean, Puyallup Tribe; Sammy Mabe, Suquamish Tribe; Rebecca Kaldor, Washington Indian Gaming Association; Charlene Tillequots, Yakima Nation; Chris Masse, Miller Nash Graham and Dunn; Kara Fox-LaRose, Cowlitz Tribe; and Jerry Allen, 7 Cedars Resort.

(Opposed) Eric Persson, Vicki Christophersen, Craig Schweigert, and Joe Sohm, Maverick Gaming.


**Persons Signed In To Testify But Not Testifying:** None.
AN ACT Relating to authorizing sports wagering subject to the terms of tribal-state gaming compacts; amending RCW 9.46.070, 9.46.130, 9.46.190, 9.46.210, 9.46.220, 9.46.240, and 9.46.090; adding new sections to chapter 9.46 RCW; creating a new section; and prescribing penalties.

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

NEW SECTION. Sec. 1. It has long been the policy of this state to prohibit all forms and means of gambling except where carefully and specifically authorized and regulated. The legislature intends to further this policy by authorizing sports wagering on a very limited basis by restricting it to tribal casinos in the state of Washington. Tribes have more than twenty years' experience with, and a proven track record of, successfully operating and regulating gaming facilities in accordance with tribal gaming compacts. Tribal casinos can operate sports wagering pursuant to these tribal gaming compacts, offering the benefits of the same highly regulated environment to sports wagering.

NEW SECTION. Sec. 2. A new section is added to chapter 9.46 RCW to read as follows:
(1) Upon the request of a federally recognized Indian tribe or tribes in the state of Washington, the tribe's class III gaming compact may be amended pursuant to the Indian gaming regulatory act, 25 U.S.C. Sec. 2701 et seq., and RCW 9.46.360 to authorize the tribe to conduct and operate sports wagering on its Indian lands, provided the amendment addresses: Licensing; fees associated with the gambling commission's regulation of sports wagering; how sports wagering will be conducted, operated, and regulated; issues related to criminal enforcement, including money laundering, sport integrity, and information sharing between the commission and the tribe related to such enforcement; and responsible and problem gambling. Sports wagering conducted pursuant to the gaming compact is a gambling activity authorized by this chapter.

(2) Sports wagering conducted pursuant to the provisions of a class III gaming compact entered into by a tribe and the state pursuant to RCW 9.46.360 is authorized bookmaking and is not subject to civil or criminal penalties pursuant to RCW 9.46.225.

Sec. 3. RCW 9.46.070 and 2012 c 116 s 1 are each amended to read as follows:

The commission shall have the following powers and duties:

(1) To authorize and issue licenses for a period not to exceed one year to bona fide charitable or nonprofit organizations approved by the commission meeting the requirements of this chapter and any rules and regulations adopted pursuant thereto permitting said organizations to conduct bingo games, raffles, amusement games, and social card games, to utilize punchboards and pull-tabs in accordance with the provisions of this chapter and any rules and regulations adopted pursuant thereto; and to revoke or suspend said licenses for violation of any provisions of this chapter or any rules and regulations adopted pursuant thereto: PROVIDED, That the commission shall not deny a license to an otherwise qualified applicant in an effort to limit the number of licenses to be issued: PROVIDED FURTHER, That the commission or director shall not issue, deny, suspend, or revoke any license because of considerations of race, sex, creed, color, or national origin: AND PROVIDED FURTHER, That the commission may authorize the director to temporarily issue or suspend licenses subject to final action by the commission;

(2) To authorize and issue licenses for a period not to exceed one year to any person, association, or organization operating a
business primarily engaged in the selling of items of food or drink for consumption on the premises, approved by the commission meeting the requirements of this chapter and any rules and regulations adopted pursuant thereto permitting said person, association, or organization to utilize punchboards and pull-tabs and to conduct social card games as a commercial stimulant in accordance with the provisions of this chapter and any rules and regulations adopted pursuant thereto and to revoke or suspend said licenses for violation of any provisions of this chapter and any rules and regulations adopted pursuant thereto: PROVIDED, That the commission shall not deny a license to an otherwise qualified applicant in an effort to limit the number of licenses to be issued: PROVIDED FURTHER, That the commission may authorize the director to temporarily issue or suspend licenses subject to final action by the commission;

(3) To authorize and issue licenses for a period not to exceed one year to any person, association, or organization approved by the commission meeting the requirements of this chapter and meeting the requirements of any rules and regulations adopted by the commission pursuant to this chapter as now or hereafter amended, permitting said person, association, or organization to conduct or operate amusement games in such manner and at such locations as the commission may determine. The commission may authorize the director to temporarily issue or suspend licenses subject to final action by the commission;

(4) To authorize, require, and issue, for a period not to exceed one year, such licenses as the commission may by rule provide, to any person, association, or organization to engage in the manufacturing, selling, distributing, or otherwise supplying (or in the manufacturing) of devices, equipment, software, hardware, or any gambling-related services for use within this state for those activities authorized by this chapter. The commission may authorize the director to temporarily issue or suspend licenses subject to final action by the commission;

(5) To establish a schedule of annual license fees for carrying on specific gambling activities upon the premises, and for such other activities as may be licensed by the commission, which fees shall provide to the commission not less than an amount of money adequate to cover all costs incurred by the commission relative to licensing under this chapter and the enforcement by the commission of the provisions of this chapter and rules and regulations adopted pursuant thereto: PROVIDED, That all licensing fees shall be submitted with an
application therefor and such portion of said fee as the commission
may determine, based upon its cost of processing and investigation,
shall be retained by the commission upon the withdrawal or denial of
any such license application as its reasonable expense for processing
the application and investigation into the granting thereof: PROVIDED
FURTHER, That if in a particular case the basic license fee
established by the commission for a particular class of license is
less than the commission's actual expenses to investigate that
particular application, the commission may at any time charge to that
applicant such additional fees as are necessary to pay the commission
for those costs. The commission may decline to proceed with its
investigation and no license shall be issued until the commission has
been fully paid therefor by the applicant: AND PROVIDED FURTHER, That
the commission may establish fees for the furnishing by it to
licensees of identification stamps to be affixed to such devices and
equipment as required by the commission and for such other special
services or programs required or offered by the commission, the
amount of each of these fees to be not less than is adequate to
offset the cost to the commission of the stamps and of administering
their dispersal to licensees or the cost of administering such other
special services, requirements or programs;

(6) To prescribe the manner and method of payment of taxes, fees
and penalties to be paid to or collected by the commission;

(7) To require that applications for all licenses contain such
information as may be required by the commission: PROVIDED, That all
persons (a) having a managerial or ownership interest in any gambling
activity, or the building in which any gambling activity occurs, or
the equipment to be used for any gambling activity, ((es)) (b)
participating as an employee in the operation of any gambling
activity, or (c) participating as an employee in the operation,
management, or providing of gambling-related services for sports
wagering, shall be listed on the application for the license and the
applicant shall certify on the application, under oath, that the
persons named on the application are all of the persons known to have
an interest in any gambling activity, building, or equipment by the
person making such application: PROVIDED FURTHER, That the commission
shall require fingerprinting and national criminal history background
checks on any persons seeking licenses, certifications, or permits
under this chapter or of any person holding an interest in any
gambling activity, building, or equipment to be used therefor, or of

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any person participating as an employee in the operation of any
 gambling activity. All national criminal history background checks
 shall be conducted using fingerprints submitted to the United States
department of justice-federal bureau of investigation. The commission
must establish rules to delineate which persons named on the
application are subject to national criminal history background
checks. In identifying these persons, the commission must take into
consideration the nature, character, size, and scope of the gambling
activities requested by the persons making such applications;
(8) To require that any license holder maintain records as
directed by the commission and submit such reports as the commission
may deem necessary;
(9) To require that all income from bingo games, raffles, and
amusement games be recorded and reported as established by rule or
regulation of the commission to the extent deemed necessary by
considering the scope and character of the gambling activity in such
a manner that will disclose gross income from any gambling activity,
amounts received from each player, the nature and value of prizes,
and the fact of distributions of such prizes to the winners thereof;
(10) To regulate and establish maximum limitations on income
derived from bingo. In establishing limitations pursuant to this
subsection the commission shall take into account (a) the nature,
character, and scope of the activities of the licensee; (b) the
source of all other income of the licensee; and (c) the percentage or
extent to which income derived from bingo is used for charitable, as
distinguished from nonprofit, purposes. However, the commission's
powers and duties granted by this subsection are discretionary and
not mandatory;
(11) To regulate and establish the type and scope of and manner
of conducting the gambling activities authorized by this chapter,
including but not limited to, the extent of wager, money, or other
thing of value which may be wagered or contributed or won by a player
in any such activities;
(12) To regulate the collection of and the accounting for the fee
which may be imposed by an organization, corporation, or person
licensed to conduct a social card game on a person desiring to become
a player in a social card game in accordance with RCW 9.46.0282;
(13) To cooperate with and secure the cooperation of county,
city, and other local or state agencies in investigating any matter
within the scope of its duties and responsibilities;
(14) In accordance with RCW 9.46.080, to adopt such rules and regulations as are deemed necessary to carry out the purposes and provisions of this chapter. All rules and regulations shall be adopted pursuant to the administrative procedure act, chapter 34.05 RCW;

(15) To set forth for the perusal of counties, city-counties, cities and towns, model ordinances by which any legislative authority thereof may enter into the taxing of any gambling activity authorized by this chapter;

(16)(a) To establish and regulate a maximum limit on salaries or wages which may be paid to persons employed in connection with activities conducted by bona fide charitable or nonprofit organizations and authorized by this chapter, where payment of such persons is allowed, and to regulate and establish maximum limits for other expenses in connection with such authorized activities, including but not limited to rent or lease payments. However, the commissioner's powers and duties granted by this subsection are discretionary and not mandatory.

(b) In establishing these maximum limits the commission shall take into account the amount of income received, or expected to be received, from the class of activities to which the limits will apply and the amount of money the games could generate for authorized charitable or nonprofit purposes absent such expenses. The commission may also take into account, in its discretion, other factors, including but not limited to, the local prevailing wage scale and whether charitable purposes are benefited by the activities;

(17) To authorize, require, and issue for a period not to exceed one year such licenses or permits, for which the commission may by rule provide, to any person to work for any operator of any gambling activity authorized by this chapter in connection with that activity, or any manufacturer, supplier, or distributor of devices for those activities in connection with such business. The commission may authorize the director to temporarily issue or suspend licenses subject to final action by the commission. The commission shall not require that persons working solely as volunteers in an authorized activity conducted by a bona fide charitable or bona fide nonprofit organization, who receive no compensation of any kind for any purpose from that organization, and who have no managerial or supervisory responsibility in connection with that activity, be licensed to do such work. The commission may require that licensees employing such
unlicensed volunteers submit to the commission periodically a list of
the names, addresses, and dates of birth of the volunteers. If any
volunteer is not approved by the commission, the commission may
require that the licensee not allow that person to work in connection
with the licensed activity;

(18) To publish and make available at the office of the
commission or elsewhere to anyone requesting it a list of the
commission licensees, including the name, address, type of license,
and license number of each licensee;

(19) To establish guidelines for determining what constitutes
active membership in bona fide nonprofit or charitable organizations
for the purposes of this chapter;

(20) To renew the license of every person who applies for renewal
within six months after being honorably discharged, removed, or
released from active military service in the armed forces of the
United States upon payment of the renewal fee applicable to the
license period, if there is no cause for denial, suspension, or
revocation of the license;

(21) To authorize, require, and issue, for a period not to exceed
one year, such licenses as the commission may by rule provide, to any
person, association, or organization that engages in any sports
wagering-related services for use within this state for sports
wagering activities authorized by this chapter. The commission may
authorize the director to temporarily issue or suspend licenses
subject to final action by the commission;

(22) To issue licenses under subsections (1) through (4) of this
section that are valid for a period of up to eighteen months, if it
chooses to do so, in order to transition to the use of the business
licensing services program through the department of revenue; and

((22+)) (23) To perform all other matters and things necessary
to carry out the purposes and provisions of this chapter.

Sec. 4. RCW 9.46.130 and 2011 c 336 s 303 are each amended to
read as follows:

(1) The premises and paraphernalia, and all the books and
records, databases, hardware, software, or any other electronic data
storage device of any person, association, or organization conducting
gambling activities authorized under this chapter and any person,
association, or organization receiving profits therefrom or having
any interest therein shall be subject to inspection and audit at any
reasonable time, with or without notice, upon demand, by the
commission or its designee, the attorney general or his or her
designee, the chief of the Washington state patrol or his or her
designee or the prosecuting attorney, sheriff, or director of public
safety or their designees of the county wherein located, or the chief
of police or his or her designee of any city or town in which said
organization is located, for the purpose of determining compliance or
noncompliance with the provisions of this chapter and any rules or
regulations or local ordinances adopted pursuant thereto or any
federal or state law. A reasonable time for the purpose of this
section shall be: ((41)) (a) If the items or records to be inspected
or audited are located anywhere upon a premises any portion of which
is regularly open to the public or members and guests, then at any
time when the premises are so open, or at which they are usually
open; or ((42)) (b) if the items or records to be inspected or
audited are not located upon a premises set out in ((subsection (1)))
(a) of this ((section)) subsection, then any time between the hours
of 8:00 a.m. and 9:00 p.m., Monday through Friday.

(2) The commission shall be provided at such reasonable intervals
as the commission shall determine with a report, under oath,
detailing all receipts and disbursements in connection with such
gambling activities together with such other reasonable information
as required in order to determine whether such activities comply with
the purposes of this chapter or any local ordinances relating
thereto.

(3) The commission may require the submission of reports on
suspicious activities or irregular betting activities to effectively
identify players, wagering information, and suspicious and illegal
transactions, including the laundering of illicit funds.

NEW SECTION. Sec. 5. A new section is added to chapter 9.46 RCW
to read as follows:

(1) No person shall offer, promise, give, or attempt to give any
thing of value to any person for the purpose of influencing the
outcome of a sporting event, athletic event, or competition upon
which a wager may be made.

(2) No person shall place, increase, or decrease a wager after
acquiring knowledge, not available to the general public, that anyone
has been offered, promised, or given any thing of value for the
purpose of influencing the outcome of a sporting event, athletic
event, or competition upon which the wager is placed, increased, or decreased.

(3) No person shall offer, promise, give, or attempt to give any thing of value to obtain confidential or insider information not available to the public with intent to use the information to gain a wagering advantage on a sporting event, athletic event, or competition.

(4) No person shall accept or agree to accept, any thing of value for the purpose of wrongfully influencing his or her play, action, decision making, or conduct in any sporting event, athletic event, or competition upon which a wager may be made.

(5) Any person who violates this section shall be guilty of a class C felony subject to the penalty set forth in RCW 9A.20.021.

Sec. 6. RCW 9.46.190 and 1991 c 261 s 7 are each amended to read as follows:

Any person ((e)), association, or organization operating any gambling activity ((who or which)) may not, directly or indirectly, ((shall)) in the course of such operation:

(1) Employ any device, scheme, or artifice to defraud; ((e))

(2) Make any untrue statement of a material fact, or omit to state a material fact necessary in order to make the statement made not misleading, in the light of the circumstances under which said statement is made; ((e))

(3) Engage in any act, practice, or course of operation as would operate as a fraud or deceit upon any person;

((shall)) (4) Alter or misrepresent the outcome of a game or other event on which wagers have been made after the outcome is made sure but before it is revealed to the players;

(5) Place, increase, or decrease a bet or to determine the course of play after acquiring knowledge, not available to all players, of the outcome of the game or any event that affects the outcome of the game or which is the subject of the bet or to aid anyone in acquiring such knowledge for the purpose of placing, increasing, or decreasing a bet or determining the course of play contingent upon that event or outcome;

(6) Knowingly entice or induce another person to go to any place where a gambling activity is being conducted or operated in violation of the provisions of this chapter, with the intent that the other person play or participate in that gambling activity;
(7) Place or increase a bet after acquiring knowledge of the outcome of the game or other event that is the subject of the bet, including past posting and pressing bets; or

(8) Reduce the amount wagered or cancel the bet after acquiring knowledge of the outcome of the game or other event that is the subject of the bet, including pinching bets. Any person, association, or organization that violates this section shall be guilty of a {((gross misdemeanor))} class C felony subject to the penalty set forth in RCW 9A.20.021.

Sec. 7. RCW 9.46.210 and 2000 c 46 s 1 are each amended to read as follows:

(1) It shall be the duty of all peace officers, law enforcement officers, and law enforcement agencies within this state to investigate, enforce, and prosecute all violations of this chapter.

(2) In addition to the authority granted by subsection (1) of this section law enforcement agencies of cities and counties shall investigate and report to the commission all violations of the provisions of this chapter and of the rules of the commission found by them and shall assist the commission in any of its investigations and proceedings respecting any such violations. Such law enforcement agencies shall not be deemed agents of the commission.

(3) In addition to its other powers and duties, the commission shall have the power to enforce the penal provisions of this chapter {((218, Laws of 1973 1st ex. sess.,)) and as it may be amended, and the penal laws of this state relating to the conduct of or participation in gambling activities, including chapter 9A.83 RCW, and the manufacturing, importation, transportation, distribution, possession, and sale of equipment or paraphernalia used or for use in connection therewith. The director, the deputy director, both assistant directors, and each of the commission's investigators, enforcement officers, and inspectors shall have the power, under the supervision of the commission, to enforce the penal provisions of this chapter {((218, Laws of 1973 1st ex. sess.,)) and as it may be amended, and the penal laws of this state relating to the conduct of or participation in gambling activities, including chapter 9A.83 RCW, and the manufacturing, importation, transportation, distribution, possession, and sale of equipment or paraphernalia used or for use in connection therewith. They shall have the power and authority to apply for and execute all warrants and serve process of law issued by the courts in
enforcing the penal provisions of this chapter ((218, Laws of 1973 1st ex. sess.)) and as it may be amended, and the penal laws of this state relating to the conduct of or participation in gambling activities and the manufacturing, importation, transportation, distribution, possession, and sale of equipment or paraphernalia used or for use in connection therewith. They shall have the power to arrest without a warrant, any person or persons found in the act of violating any of the penal provisions of this chapter ((218, Laws of 1973 1st ex. sess.)) and as it may be amended, and the penal laws of this state relating to the conduct of or participation in gambling activities and the manufacturing, importation, transportation, distribution, possession, and sale of equipment or paraphernalia used or for use in connection therewith. To the extent set forth above, the commission shall be a law enforcement agency of this state with the power to investigate for violations of and to enforce the provisions of this chapter, as now law or hereafter amended, and to obtain information from and provide information to all other law enforcement agencies.

(4) Criminal history record information that includes nonconviction data, as defined in RCW 10.97.030, may be disseminated by a criminal justice agency to the Washington state gambling commission for any purpose associated with the investigation for suitability for involvement in gambling activities authorized under this chapter. The Washington state gambling commission shall only disseminate nonconviction data obtained under this section to criminal justice agencies.

(5) In addition to its other powers and duties, the commission may ensure sport integrity and prevent and detect manipulation through education and enforcement of the penal provisions of this chapter or chapter 67.04 or 67.24 RCW, or any other state penal laws related to the integrity of sporting events, athletic events, or competitions within the state.

(6) In addition to its other powers and duties, the commission may track and monitor gambling-related transactions occurring within the state to aid in its enforcement of the penal provisions of this chapter or chapter 9A.83 RCW, or any other state penal laws related to suspicious or illegal wagering activities, including the use of funds derived from illegal activity, wagers to conceal or launder funds derived from illegal activity, use of agents to place wagers, or use of false identification by a player.
Sec. 8. RCW 9.46.220 and 1997 c 78 s 2 are each amended to read as follows:

(1) A person is guilty of professional gambling in the first degree if he or she engages in, or knowingly causes, aids, abets, or conspires with another to engage in professional gambling as defined in this chapter, and:

(a) Acts in concert with or conspires with five or more people;

(b) Personally accepts wagers exceeding five thousand dollars during any thirty-day period on future contingent events;

(c) The operation for whom the person works, or with which the person is involved, accepts wagers exceeding five thousand dollars during any thirty-day period on future contingent events;

(d) Operates, manages, or profits from the operation of a premises or location where persons are charged a fee to participate in card games, lotteries, or other gambling activities that are not authorized by this chapter or licensed by the commission;

(e) Engages in bookmaking as defined in RCW 9.46.0213.

(2) However, this section shall not apply to those activities enumerated in RCW 9.46.0305 through 9.46.0361 or to any act or acts in furtherance of such activities when conducted in compliance with the provisions of this chapter and in accordance with the rules adopted pursuant to this chapter.

(3) Professional gambling in the first degree is a class B felony subject to the penalty set forth in RCW 9A.20.021.

NEW SECTION. Sec. 9. A new section is added to chapter 9.46 RCW to read as follows:

The transmission of gambling information over the internet for any sports wagering conducted and operated under this section and section 2 of this act is authorized, provided that the wager may be placed and accepted at a tribe's gaming facility only while the customer placing the wager is physically present on the premises of that tribe's gaming facility.

Sec. 10. RCW 9.46.240 and 2006 c 290 s 2 are each amended to read as follows:

(1) Whoever knowingly transmits or receives gambling information by telephone, telegraph, radio, semaphore, the internet, a telecommunications transmission system, or similar means, or...
knowingly installs or maintains equipment for the transmission or
receipt of gambling information shall be guilty of a class C felony
subject to the penalty set forth in RCW 9A.20.021. (However, this)
(2) This section shall not apply to such information transmitted
or received or equipment or devices installed or maintained relating
to activities authorized by this chapter including, but not limited
to, sports wagering authorized under sections 2 and 9 of this act, or
to any act or acts in furtherance thereof when conducted in
compliance with the provisions of this chapter and in accordance with
the rules adopted under this chapter and conducted in accordance with
tribal-state compacts.

NEW SECTION. Sec. 11. A new section is added to chapter 9.46
RCW to read as follows:
(1)(a) For purposes of this chapter, "sports wagering" means the
business of accepting wagers on any of the following sporting events,
athletic events, or competitions by any system or method of wagering:
(i) A professional sport or athletic event;
(ii) A collegiate sport or athletic event;
(iii) An Olympic or international sports competition or event;
(iv) An electronic sports or esports competition or event;
(v) A combination of sporting events, athletic events, or
competitions listed in (a)(i) through (iv) of this subsection (1); or
(vi) A portion of any sporting event, athletic event, or
competition listed in (a)(i) through (iv) of this subsection (1).
(b) Sports wagering does not include the business of accepting
wagers on horse racing authorized pursuant to chapter 67.16 RCW.
(2) For purposes of this section:
(a) "Collegiate sport or athletic event" means a sport or
athletic event offered or sponsored by, or played in connection with,
a public or private institution that offers education services beyond
the secondary level, other than such an institution that is located
within the state of Washington.
(b) "Electronic or esports event" means a live event or
tournament attended or watched by members of the public where games
or matches are contested in real time by players and teams and
players or teams can win a prize based on their performance in the
live event or tournament.
(c) "Professional sport or athletic event" means an event that is
not a collegiate sport or athletic event at which two or more persons

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participate in sports or athletic events and receive compensation in
excess of actual expenses for their participation in the event.

Sec. 12. RCW 9.46.090 and 1987 c 505 s 3 are each amended to
read as follows:
Subject to RCW 40.07.040, the commission shall, from time to
time, make reports to the governor and the legislature covering such
matters in connection with this chapter as the governor and the
legislature may require. These reports shall be public documents and
contain such general information and remarks as the commission deems
pertinent thereto and any information requested by either the
governor or members of the legislature: PROVIDED, That the commission
appointed pursuant to RCW 9.46.040 may conduct a thorough study of
the types of gambling activity permitted and the types of gambling
activity prohibited by this chapter and may make recommendations to
the legislature as to: (1) Gambling activity that ought to be
permitted; (2) gambling activity that ought to be prohibited; (3) the
types of licenses and permits that ought to be required; (4) the type
and amount of tax that ought to be applied to each type of permitted
gambling activity; (5) any changes which may be made to the law of
this state which further the purposes and policies set forth in RCW
9.46.010 as now law or hereafter amended; and (6) any other matter
that the commission may deem appropriate. However, no later than
December 1st of the year following any authorization by the
legislature of a new gambling activity, any report by the commission
to the governor and the appropriate committees of the legislature
must include information on the state of the gambling industry both
within the state and nationwide. Members of the commission and its
staff may contact the legislature, or any of its members, at any
time, to advise it of recommendations of the commission.

NEW SECTION. Sec. 13. If any provision of this act or its
application to any person or circumstance is held invalid, the
remainder of the act or the application of the provision to other
persons or circumstances is not affected.

--- END ---
SENATE BILL 6394

State of Washington 66th Legislature 2020 Regular Session

By Senators Saldaña, Conway, McCoy, Stanford, Hobbs, Das, Wilson, C., Zeiger, O'Ban, Hasegawa, Van De Wege, Hunt, Nguyen, Holy, Fortunato, and Sheldon

Read first time 01/16/20. Referred to Committee on Labor & Commerce.

AN ACT Relating to authorizing sports wagering subject to the terms of tribal-state gaming compacts; amending RCW 9.46.070, 9.46.240, and 9.46.090; adding new sections to chapter 9.46 RCW; and creating a new section.

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

NEW SECTION. Sec. 1. It has long been the policy of this state to prohibit all forms and means of gambling except where carefully and specifically authorized and regulated. The legislature intends to further this policy by authorizing sports wagering on a very limited basis by restricting it to tribal casinos in the state of Washington. Tribes have more than twenty years' experience with, and a proven track record of, successfully operating and regulating gaming facilities in accordance with tribal gaming compacts. Tribal casinos can operate sports wagering pursuant to these tribal gaming compacts, offering the benefits of the same highly regulated environment to sports wagering.

NEW SECTION. Sec. 2. A new section is added to chapter 9.46 RCW to read as follows:

(1) Upon the request of a federally recognized Indian tribe in the state of Washington, the tribe's class III gaming compact must be
amended pursuant to the Indian gaming regulatory act, 25 U.S.C. Sec.
2701 et seq., and RCW 9.46.360 to authorize the tribe to conduct and
operate sports wagering on federal Indian lands, provided the
amendment addresses how sports wagering will be conducted, operated,
and regulated. Sports wagering conducted pursuant to the gaming
compact is a gambling activity authorized by this chapter.
(2) Sports wagering conducted pursuant to the provisions of a
class III gaming compact entered into by a tribe and the state
pursuant to RCW 9.46.360 is not bookmaking and is not subject to
civil or criminal penalties.

Sec. 3. RCW 9.46.070 and 2012 c 116 s 1 are each amended to read
as follows:
The commission shall have the following powers and duties:
(1) To authorize and issue licenses for a period not to exceed
one year to bona fide charitable or nonprofit organizations approved
by the commission meeting the requirements of this chapter and any
rules and regulations adopted pursuant thereto permitting said
organizations to conduct bingo games, raffles, amusement games, and
social card games, to utilize punchboards and pull-tabs in accordance
with the provisions of this chapter and any rules and regulations
adopted pursuant thereto and to revoke or suspend said licenses for
violation of any provisions of this chapter or any rules and
regulations adopted pursuant thereto: PROVIDED, That the commission
shall not deny a license to an otherwise qualified applicant in an
effort to limit the number of licenses to be issued: PROVIDED
FURTHER, That the commission or director shall not issue, deny,
suspend, or revoke any license because of considerations of race,
sex, creed, color, or national origin: AND PROVIDED FURTHER, That the
commission may authorize the director to temporarily issue or suspend
licenses subject to final action by the commission;
(2) To authorize and issue licenses for a period not to exceed
one year to any person, association, or organization operating a
business primarily engaged in the selling of items of food or drink
for consumption on the premises, approved by the commission meeting
the requirements of this chapter and any rules and regulations
adopted pursuant thereto permitting said person, association, or
organization to utilize punchboards and pull-tabs and to conduct
social card games as a commercial stimulant in accordance with the
provisions of this chapter and any rules and regulations adopted
pursuant thereto and to revoke or suspend said licenses for violation
of any provisions of this chapter and any rules and regulations
adopted pursuant thereto: PROVIDED, That the commission shall not
deny a license to an otherwise qualified applicant in an effort to
limit the number of licenses to be issued: PROVIDED FURTHER, That the
commission may authorize the director to temporarily issue or suspend
licenses subject to final action by the commission;

(3) To authorize and issue licenses for a period not to exceed
one year to any person, association, or organization approved by the
commission meeting the requirements of this chapter and meeting the
requirements of any rules and regulations adopted by the commission
pursuant to this chapter as now or hereafter amended, permitting said
person, association, or organization to conduct or operate amusement
games in such manner and at such locations as the commission may
determine. The commission may authorize the director to temporarily
issue or suspend licenses subject to final action by the commission;

(4) To authorize, require, and issue, for a period not to exceed
one year, such licenses as the commission may by rule provide, to any
person, association, or organization to engage in the manufacturing,
selling, distributing, or otherwise supplying ((ex–in-the
manufacturing)) of devices, equipment, software, hardware, or any
gambling-related services for use within this state for those
activities authorized by this chapter. The commission may authorize
the director to temporarily issue or suspend licenses subject to
final action by the commission;

(5) To establish a schedule of annual license fees for carrying
on specific gambling activities upon the premises, and for such other
activities as may be licensed by the commission, which fees shall
provide to the commission not less than an amount of money adequate
to cover all costs incurred by the commission relative to licensing
under this chapter and the enforcement by the commission of the
provisions of this chapter and rules and regulations adopted pursuant
thereto: PROVIDED, That all licensing fees shall be submitted with an
application therefor and such portion of said fee as the commission
may determine, based upon its cost of processing and investigation,
shall be retained by the commission upon the withdrawal or denial of
any such license application as its reasonable expense for processing
the application and investigation into the granting thereof: PROVIDED
FURTHER, That if in a particular case the basic license fee
established by the commission for a particular class of license is
less than the commission's actual expenses to investigate that
particular application, the commission may at any time charge to that
applicant such additional fees as are necessary to pay the commission
for those costs. The commission may decline to proceed with its
investigation and no license shall be issued until the commission has
been fully paid therefor by the applicant: AND PROVIDED FURTHER, That
the commission may establish fees for the furnishing by it to
licensees of identification stamps to be affixed to such devices and
equipment as required by the commission and for such other special
services or programs required or offered by the commission, the
amount of each of these fees to be not less than is adequate to
offset the cost to the commission of the stamps and of administering
their dispersal to licensees or the cost of administering such other
special services, requirements or programs;

(6) To prescribe the manner and method of payment of taxes, fees
and penalties to be paid to or collected by the commission;

(7) To require that applications for all licenses contain such
information as may be required by the commission: PROVIDED, That all
persons (a) having a managerial or ownership interest in any gambling
activity, or the building in which any gambling activity occurs, or
the equipment to be used for any gambling activity, or (b)
participating as an employee in the operation of any gambling
activity, shall be listed on the application for the license and the
applicant shall certify on the application, under oath, that the
persons named on the application are all of the persons known to have
an interest in any gambling activity, building, or equipment by the
person making such application: PROVIDED FURTHER, That the commission
shall require fingerprinting and national criminal history background
checks on any persons seeking licenses, certifications, or permits
under this chapter or of any person holding an interest in any
gambling activity, building, or equipment to be used therefor, or of
any person participating as an employee in the operation of any
gambling activity. All national criminal history background checks
shall be conducted using fingerprints submitted to the United States
department of justice-federal bureau of investigation. The commission
must establish rules to delineate which persons named on the
application are subject to national criminal history background
checks. In identifying these persons, the commission must take into
consideration the nature, character, size, and scope of the gambling
activities requested by the persons making such applications;
8. To require that any license holder maintain records as
directed by the commission and submit such reports as the commission
may deem necessary;
9. To require that all income from bingo games, raffles, and
amusement games be recorded and reported as established by rule or
regulation of the commission to the extent deemed necessary by
considering the scope and character of the gambling activity in such
a manner that will disclose gross income from any gambling activity,
amounts received from each player, the nature and value of prizes,
and the fact of distributions of such prizes to the winners thereof;
10. To regulate and establish maximum limitations on income
derived from bingo. In establishing limitations pursuant to this
subsection the commission shall take into account (a) the nature,
character, and scope of the activities of the licensee; (b) the
source of all other income of the licensee; and (c) the percentage or
extent to which income derived from bingo is used for charitable, as
distinguished from nonprofit, purposes. However, the commission's
powers and duties granted by this subsection are discretionary and
not mandatory;
11. To regulate and establish the type and scope of and manner
of conducting the gambling activities authorized by this chapter,
including but not limited to, the extent of wager, money, or other
thing of value which may be wagered or contributed or won by a player
in any such activities;
12. To regulate the collection of and the accounting for the fee
which may be imposed by an organization, corporation, or person
licensed to conduct a social card game on a person desiring to become
a player in a social card game in accordance with RCW 9.46.0282;
13. To cooperate with and secure the cooperation of county,
city, and other local or state agencies in investigating any matter
within the scope of its duties and responsibilities;
14. In accordance with RCW 9.46.060, to adopt such rules and
regulations as are deemed necessary to carry out the purposes and
provisions of this chapter. All rules and regulations shall be
adopted pursuant to the administrative procedure act, chapter 34.05
RCW;
15. To set forth for the perusal of counties, city-counties,
cities and towns, model ordinances by which any legislative authority
thereof may enter into the taxing of any gambling activity authorized
by this chapter;
(16)(a) To establish and regulate a maximum limit on salaries or
wages which may be paid to persons employed in connection with
activities conducted by bona fide charitable or nonprofit
organizations and authorized by this chapter, where payment of such
persons is allowed, and to regulate and establish maximum limits for
other expenses in connection with such authorized activities,
including but not limited to rent or lease payments. However, the
commissioner's powers and duties granted by this subsection are
discretionary and not mandatory.

(b) In establishing these maximum limits the commission shall
take into account the amount of income received, or expected to be
received, from the class of activities to which the limits will apply
and the amount of money the games could generate for authorized
charitable or nonprofit purposes absent such expenses. The commission
may also take into account, in its discretion, other factors,
including but not limited to, the local prevailing wage scale and
whether charitable purposes are benefited by the activities;

(17) To authorize, require, and issue for a period not to exceed
one year such licenses or permits, for which the commission may by
rule provide, to any person to work for any operator of any gambling
activity authorized by this chapter in connection with that activity,
or any manufacturer, supplier, or distributor of devices for those
activities in connection with such business. The commission may
authorize the director to temporarily issue or suspend licenses
subject to final action by the commission. The commission shall not
require that persons working solely as volunteers in an authorized
activity conducted by a bona fide charitable or bona fide nonprofit
organization, who receive no compensation of any kind for any purpose
from that organization, and who have no managerial or supervisory
responsibility in connection with that activity, be licensed to do
such work. The commission may require that licensees employing such
unlicensed volunteers submit to the commission periodically a list of
the names, addresses, and dates of birth of the volunteers. If any
volunteer is not approved by the commission, the commission may
require that the licensee not allow that person to work in connection
with the licensed activity;

(18) To publish and make available at the office of the
commission or elsewhere to anyone requesting it a list of the
commission licensees, including the name, address, type of license,
and license number of each licensee;
(19) To establish guidelines for determining what constitutes active membership in bona fide nonprofit or charitable organizations for the purposes of this chapter;

(20) To renew the license of every person who applies for renewal within six months after being honorably discharged, removed, or released from active military service in the armed forces of the United States upon payment of the renewal fee applicable to the license period, if there is no cause for denial, suspension, or revocation of the license;

(21) To issue licenses under subsections (1) through (4) of this section that are valid for a period of up to eighteen months, if it chooses to do so, in order to transition to the use of the business licensing services program through the department of revenue; (and)

(22) To provide to professional and collegiate sports teams and leagues an opportunity to provide comment in the adoption of any rules related to sports wagering; and

(23) To perform all other matters and things necessary to carry out the purposes and provisions of this chapter.

NEW SECTION. Sec. 4. A new section is added to chapter 9.46 RCW to read as follows:

The transmission of gambling information over the internet for any sports wagering conducted and operated under this section and section 2 of this act is authorized, provided that a wager may be placed and accepted only while the customer placing the wager is physically present on the premises of the gaming facility of the Indian tribe or tribal entity.

Sec. 5. RCW 9.46.240 and 2006 c 290 s 2 are each amended to read as follows:

Whoever knowingly transmits or receives gambling information by telephone, telegraph, radio, semaphore, the internet, a telecommunications transmission system, or similar means, or knowingly installs or maintains equipment for the transmission or receipt of gambling information shall be guilty of a class C felony subject to the penalty set forth in RCW 9A.20.021. However, this section shall not apply to such information transmitted or received or equipment installed or maintained relating to activities authorized by this chapter including, but not limited to, sports wagering authorized under sections 2 and 4 of this act, or to any act
or acts in furtherance thereof when conducted in compliance with the
provisions of this chapter and in accordance with the rules adopted
under this chapter.

NEW SECTION. Sec. 6. A new section is added to chapter 9.46 RCW
to read as follows:
(1)(a) For purposes of this chapter, "sports wagering" means the
business of accepting wagers on any of the following sporting events,
athletic events, or competitions by any system or method of wagering:
(i) A professional sport or athletic event;
(ii) A collegiate sport or athletic event;
(iii) An Olympic or international sports competition or event;
(iv) An electronic sports or esports competition or event;
(v) A combination of sporting events, athletic events, or
competitions listed in (a)(i) through (iv) of this subsection (1); or
(vi) A portion of any sporting event, athletic event, or
competition listed in (a)(i) through (iv) of this subsection (1).
(b) Sports wagering does not include the business of accepting
wagers on horse racing authorized pursuant to chapter 67.16 RCW.
(2) For purposes of this section:
(a) "Collegiate sport or athletic event" means a sport or
athletic event offered or sponsored by, or played in connection with,
a public or private institution that offers education services beyond
the secondary level, other than such an institution that is located
within the state of Washington.
(b) "Electronic or esports event" means a live event or
tournament attended or watched by members of the public where games
or matches are contested in real time by players and teams and
players or teams can win a prize based on their performance in the
live event or tournament.
(c) "Professional sport or athletic event" means an event that is
not a collegiate sport or athletic event at which two or more persons
participate in sports or athletic events and receive compensation in
excess of actual expenses for their participation in the event.

Sec. 7. RCW 9.46.090 and 1987 c 505 s 3 are each amended to read
as follows:
(1) Subject to RCW 40.07.040, the commission shall, from time to
time, make reports to the governor and the legislature covering such
matters in connection with this chapter as the governor and the
legislature may require. These reports shall be public documents and contain such general information and remarks as the commission deems pertinent thereto and any information requested by either the governor or members of the legislature: PROVIDED, That the commission appointed pursuant to RCW 9.46.040 may conduct a thorough study of the types of gambling activity permitted and the types of gambling activity prohibited by this chapter and may make recommendations to the legislature as to: ((4+)) (a) Gambling activity that ought to be permitted; ((4+)) (b) Gambling activity that ought to be prohibited; ((4+)) (c) the types of licenses and permits that ought to be required; ((4+)) (d) the type and amount of tax that ought to be applied to each type of permitted gambling activity; ((4+)) (e) any changes which may be made to the law of this state which further the purposes and policies set forth in RCW 9.46.010 as now law or hereafter amended; and ((4+)) (f) any other matter that the commission may deem appropriate.

(2) In addition to the reports under subsection (1) of this section, the commission must provide an initial report by December 1, 2021, and a final report by December 1, 2022, to the governor and the appropriate committees of the legislature. The reports must include, but are not limited to, the following:

(a) The state of the gambling industry both within the state and nationwide;

(b) Recommendations, if any, to the legislature concerning laws that the commission determines require immediate amendment to prevent abuses and violations of this act, including this chapter and chapters 67.04 and 67.24 RCW, or any other state criminal law that may be affected by sports wagering; and

(c) The value and cost of establishing a sports integrity unit to prevent and detect competition manipulation through education and enforcement of the criminal law provisions of this chapter and chapters 67.04 and 67.24 RCW, or any other state criminal law that may be needed to protect the integrity of sporting events and contests within the state, including whether other states have instituted similar units.

(3) Members of the commission and its staff may contact the legislature, or any of its members, at any time, to advise it of recommendations of the commission.
NEW SECTION. Sec. 8. If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

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