

WSR 21-21-079
PERMANENT RULES
GAMBLING COMMISSION

[Filed October 18, 2021, 1:38 p.m., effective November 18, 2021]

Effective Date of Rule: Thirty-one days after filing.

Purpose: The proposed rules allow bona fide charitable or non-profit organizations affiliated with qualified professional sports teams in Washington state to obtain a license to conduct raffles at home game sporting events in Washington state using electronic systems. The proposed rules define electronic raffles and other necessary terms; outline requirements for licensees operating electronic raffles, electronic raffle systems operations, electronic raffle systems security requirements and recordkeeping requirements; and establish licensing and fee structures for this new activity.

Citation of Rules Affected by this Order: New WAC 230-03-138 Defining "qualified sports team," 230-03-153 Applying to operate electronic raffles, 230-03-154 Additional information required with electronic raffle application, 230-11-300 Definitions, 230-11-305 Electronic raffle system standards, 230-11-310 Electronic raffle system requirements, 230-11-315 Access to home game authorized locations for electronic raffles, 230-11-320 Electronic raffle operating requirements, 230-11-325 Internal controls for electronic raffles, 230-11-330 Supervision of electronic raffles, 230-11-335 Wearing nametags, 230-11-340 Provide rules to electronic raffle participants, 230-11-345 Electronic raffle prize payout requirements, 230-11-350 Raffle drawing postponement, 230-11-355 Joint raffles prohibited, 230-11-360 Raffle ticket requirements, 230-11-365 Raffle ticket receipt requirements, 230-11-370 Authorized ticket sellers, 230-11-375 Restrictions on ticket sales, 230-11-380 Selling tickets at a discount, 230-11-385 Recordkeeping requirements for electronic raffles, 230-11-390 Electronic raffle—Monthly records, 230-11-395 Keeping and making records available and 230-16-153 Remote access of electronic raffle systems; and amending WAC 230-03-155 Submitting a proposed plan of operations for charitable and nonprofit organizations, 230-03-200 Defining "gambling equipment," 230-03-235 Applying for charitable and nonprofit gambling manager license, 230-05-112 Defining "gross gambling receipts," 230-05-160 Charitable or nonprofit organization fees, 230-06-045 Conduct gambling activities on licensed business premises only, 230-06-050 Review of electronic or mechanical gambling equipment, 230-07-090 Keeping and depositing all gambling funds separate from other funds, 230-07-125 Recordkeeping requirements for lower volume charitable or nonprofit organizations, 230-07-145 Reporting annual progress, 230-07-150 Financial statements required for Groups III, IV, V, and electronic raffle licensees, and 230-11-002 The definition of raffle as used in this chapter.

Statutory Authority for Adoption: RCW 9.46.070.

Adopted under notice filed as WSR 21-18-123 on September 1, 2021.

Changes Other than Editing from Proposed to Adopted Version:

Changes from the proposed to the adopted versions were made to the following:

WAC 230-03-138 Defining "qualified sports team." Language added to clarify that a qualified sports team does not include lower-level teams such as minor, farm, or development league teams.

WAC 230-03-153 Applying to operate electronic raffles. Language added to clarify that charitable or nonprofit organizations must be

established by or directly affiliated with a qualified sports team to apply for an electronic raffle license.

WAC 230-06-050 Review of electronic or mechanical gambling equipment. Removal of reference to rule that has been repealed and cite to correct rule. Cite WAC 230-11-305(3) for further clarification.

WAC 230-11-305 Electronic raffle system standards. Language in subsections (1) and (2) was revised to clarify the application process.

Number of Sections Adopted in Order to Comply with Federal Statute: New 0, Amended 0, Repealed 0; Federal Rules or Standards: New 0, Amended 0, Repealed 0; or Recently Enacted State Statutes: New 0, Amended 0, Repealed 0.

Number of Sections Adopted at the Request of a Nongovernmental Entity: New 24, Amended 12, Repealed 0.

Number of Sections Adopted on the Agency's own Initiative: New 0, Amended 2, Repealed 0.

Number of Sections Adopted in Order to Clarify, Streamline, or Reform Agency Procedures: New 0, Amended 2, Repealed 0.

Number of Sections Adopted using Negotiated Rule Making: New 24, Amended 12, Repealed 0; Pilot Rule Making: New 0, Amended 0, Repealed 0; or Other Alternative Rule Making: New 0, Amended 0, Repealed 0.

Date Adopted: October 14, 2021.

Ashlie Laydon
Rules Coordinator

OTS-3283.2

NEW SECTION

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

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NEW SECTION

WAC 230-03-153 Applying to operate electronic raffles. You must apply for a license to operate electronic raffles if you are a charitable or nonprofit organization who:

(1) Is established by or directly affiliated with a qualified sports team for the purpose of raising funds for charity; and

(2) Plans to conduct electronic raffles in accordance with RCW 9.46.0277 and as authorized in chapter 230-11 WAC.

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NEW SECTION

WAC 230-03-154 Additional information required with electronic raffle application. When you apply for an electronic raffle license, you must submit at least the following as part of your application:

- (1) The organization's goals for conducting electronic raffles; and
- (2) A brief overview of the applicant's mission and vision; including the type of programs supported by the applicant and the clients served; and
- (3) Raffle plan, including:
 - (a) When your organization plans to conduct electronic raffles; and
 - (b) Cost of raffle tickets including discount levels; and
 - (c) Plans for selling raffle tickets; and
 - (d) Description of how the applicant will protect the integrity of the raffle; and
 - (e) Identify authorized equipment to be used to facilitate the raffles; and
 - (f) Details for supervision of these raffles; and
 - (g) Description of the physical draw process and security of the drawing; and
 - (h) An explanation of how the proceeds from the raffle will be used; and
 - (i) Any additional information that we request or that the applicant wishes to submit; and
- (4) Before you begin electronic raffle operations, we must perform a preoperational review and evaluation (PORE). You must receive our written approval before operating; and
- (5) The PORE will determine whether you have:
 - (a) An organizational structure that supports your proposed accounting and administrative controls; and
 - (b) Controls in place so that you closely monitor the gambling activity and accurately record financial information.

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AMENDATORY SECTION (Amending WSR 06-07-157, filed 3/22/06, effective 1/1/08)

WAC 230-03-155 Submitting a proposed plan of operations for charitable and nonprofit organizations. (1) An organization must submit a proposed plan of operations, including a market study, with their application to conduct bingo if the organization:

- (a) Requests licensing to conduct gambling activities with combined annual gross receipts in excess of three million dollars; or
- (b) Plans to pay premises rent exceeding two thousand dollars per month, including all terms.

(2) The plan must show enough detail to allow us to assess the potential for compliance with cash flow requirements. It must also include at least the following information:

- (a) Research procedures and planning assumptions used; and
- (b) Planned number of customers or attendance; and
- (c) Days and hours of operations; and
- (d) Estimated gross gambling receipts from each activity; and
- (e) Estimated expenses and net income; and
- (f) Details of income generating activities planned in conjunction with the gambling activity, such as snack bar operations or other retail sales and the anticipated net income from those activities; and
- (g) Any other information related to your gambling license application that we request.

(3) (~~If planned activities include bingo,~~) The organization must provide:

- (a) Anticipated market area and map of competing organizations that operate similar gambling activities, along with their days of operation; and
- (b) Number of bingo sessions, bingo card prices, and estimated sales per player; and
- (c) Bingo prize payouts and game schedules.

[Statutory Authority: RCW 9.46.070. WSR 06-07-157 (Order 457), § 230-03-155, filed 3/22/06, effective 1/1/08.]

AMENDATORY SECTION (Amending WSR 06-07-157, filed 3/22/06, effective 1/1/08)

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

- (1) Amusement games;
- (2) Punch boards and pull-tabs;
- (3) Devices for dispensing pull-tabs;
- (4) Electronic devices for conducting, facilitating, or accounting for the results of gambling activities(~~(7)~~) including, but not limited to:
 - (a) Components of a tribal lottery system;
 - (b) Electronic devices for reading and displaying outcomes of gambling activities; and
 - (c) Accounting systems that are a part of, or directly connected to, a gambling system including, but not limited to:
 - (i) Bet totalizers; or
 - (ii) Progressive jackpot meters; or
 - (iii) Keno systems;
- (5) Bingo equipment;
- (6) Electronic raffle systems;
- (7) Devices and supplies used to conduct card games, fund-raising events, recreational gaming activities, or Class III gaming activities, as defined in the Indian Gaming Regulatory Act at U.S.C. 25 chapter 29 § 2703 and in tribal-state compacts including, but not limited to:
 - (a) Gambling chips;
 - (b) Cards;

- (c) Dice;
- (d) Card shuffling devices;
- (e) Graphical game layouts for table games;
- (f) Ace finders or no-peek devices;
- (g) Roulette wheels;
- (h) Keno equipment; and
- (i) Tables manufactured exclusively for gambling purposes.

[Statutory Authority: RCW 9.46.070. WSR 06-07-157 (Order 457), § 230-03-200, filed 3/22/06, effective 1/1/08.]

AMENDATORY SECTION (Amending WSR 18-05-026, filed 2/9/18, effective 5/1/18)

WAC 230-03-235 Applying for charitable or nonprofit gambling manager license. You must apply for a charitable or nonprofit gambling manager license if you are an employee or member of a charitable or nonprofit organization who:

(1) Will have control to a material degree over a bingo or punch board and pull-tab licensee with gross gambling receipts over one hundred fifty thousand dollars in their previous licensing year; or

(2) Will be responsible for overseeing the operation of electronic raffles to include, but not limited to, being on-site during the operation of an electronic raffle, documenting the functionality of the electronic raffle system, and observing the manual draw; or

(3) Will be the supervisor of gambling managers who manage: Elec-tronic raffles or a bingo or punch board and pull-tab licensee with gross gambling receipts over one hundred fifty thousand dollars in their previous license year; or

~~((3))~~ (4) Will be assigned the highest level of authority by the officers or governing board of directors to manage the day-to-day affairs of the organization and is responsible for safeguarding assets purchased with gambling funds and/or managing the disbursement of gambling funds when the organization:

(a) Is licensed to receive more than three hundred thousand dol-lars in gross gambling receipts; or

(b) Has established a trust and/or endowment fund to which gam-bling receipts in excess of one hundred thousand dollars have been contributed; or

~~((4))~~ (5) Will be the supervisor of the operation of progres-sive jackpot pull-tab games.

[Statutory Authority: RCW 9.46.070. WSR 18-05-026, § 230-03-235, filed 2/9/18, effective 5/1/18; WSR 06-07-157 (Order 457), § 230-03-235, filed 3/22/06, effective 1/1/08.]

OTS-3302.1

AMENDATORY SECTION (Amending WSR 21-16-072, filed 7/30/21, effective 8/30/21)

WAC 230-05-112 Defining "gross gambling receipts." (1) "Gross gambling receipts" means the amount due to any operator of an authorized activity as described in subsection (5) of this section.

(2) The amounts must be stated in U.S. currency.

(3) The value must be before any deductions for prizes or other expenses, such as over/short.

(4) "Gross gambling receipts" does not include fees from players to enter player-supported jackpots. However, any portion of wagers deducted for any purpose other than increasing current prizes or repayment of amounts used to seed prizes are "gross gambling receipts."

(5) Gross gambling receipts for authorized activities:

Activity:	Gross gambling receipts include amounts due to any operator for:
(a) Punch board and pull-tab	Purchasing chances to play.
(b) Raffles and enhanced raffles	Purchasing chances to enter.
(c) <u>Electronic raffles</u>	<u>Purchasing chances to enter.</u>
(d) Bingo	Fees or purchase of cards to participate.
((e)) (e) Amusement games	Amounts paid to play amusement games.
((e)) (f) Card games	<ul style="list-style-type: none"> • "Net win" from house-banked card games; • Tournament entry fees; • Administrative fees from player-supported jackpots; • Fees to participate in nonhouse-banked card games.

Activity:	Gross gambling receipts include amounts due to any operator for:
<p>((f)) (g) Manufacturers and distributors</p>	<p>(i) Fees from sales, rentals, leases, royalties, and service fees collected for the following gambling equipment in Washington to include, but not limited to:</p> <ul style="list-style-type: none"> • Bingo paper or bingo cards; • Punch boards and pull-tabs; • Devices for dispensing pull-tabs; • <u>Electronic raffle systems</u>; • Electronic devices for conducting, facilitating or accounting for the results of gambling activities; • Cards; • Dice; • Gambling chips; • Cash exchange terminals; • Progressive meters; • Gambling software; • License agreements; • Card shuffling devices; • Graphical game layouts for table games; • Ace finders or no-peek devices; • Roulette wheels; • Keno equipment; • Tables manufactured exclusively for gambling purposes; • Bet totalizers; • Electronic devices for reading or displaying outcomes of gambling activities; • Tribal lottery systems and components thereof. <p>(ii) Fees from the service, repair and modification of gambling equipment in Washington to include, but not limited to:</p> <ul style="list-style-type: none"> • Charges for labor and parts for repairing gambling equipment; • Service fees related to gambling operations; • Training or set-up fees; • Maintenance contract fees related to gambling equipment and operations.

Activity:	Gross gambling receipts include amounts due to any operator for:
<p>((g)) <u>(h)</u> Gambling service suppliers</p>	<p>Fees from gambling-related services provided in or to be used in Washington to include, but not limited to:</p> <ul style="list-style-type: none"> • Consulting, advisory or management services related to gambling; • Interest from financing the purchase or lease of gambling equipment, infrastructure or facilities or equipment that supports gambling operations; • Acting as a lending agent, loan services or placement agent; • Assembly of components for gambling equipment to be used under a contract with a licensed manufacturer; • Ongoing financial arrangements for gambling related software with a licensed manufacturer; • Installing, integrating, maintaining, or servicing digital surveillance systems that allow direct access to the operating system; • Training individuals to conduct authorized gambling activities; • Performing testing and certification of tribal lottery systems in meeting requirements specified in the tribal-state compacts; • Providing nonmanagement related recordkeeping or storage services for punch board and pull-tab operators; • Ownership of proprietary games or equipment.
<p>((h)) <u>(i)</u> Punch board/pull-tab service businesses</p>	<p>Providing nonmanagement related recordkeeping or storage services for punch board and pull-tab operators.</p>
<p>((i)) <u>(j)</u> Fund-raising event distributors</p>	<p>Fees from contracts to organize and conduct recreational gaming activities.</p>
<p>((j)) <u>(k)</u> Fund-raising events and agricultural fairs</p>	<p>Fees received from the operation of bingo, amusement games, raffles, lotteries, contests of chance, and/or net win from table games operated at a fund-raising event.</p>
<p>((k)) <u>(l)</u> Major sports wagering vendor</p>	<p>Fees or revenues received from providing sports wagering goods and services, including management, consulting, sales, rentals, leases, and royalties, for any sports wagering activities in Washington.</p>

Activity:	Gross gambling receipts include amounts due to any operator for:
((H)) <u>(m)</u> Mid-level sports wagering vendor	Fees or revenues received from providing sports wagering goods and services, including sales, rentals, leases, and royalties, for any sports wagering activities in Washington.
((m)) <u>(n)</u> Ancillary sports wagering vendor	Fees or revenues from providing sports wagering goods and services, including sales, rentals, leases, and royalties, for any sports wagering activities in Washington.

[Statutory Authority: RCW 9.46.070, 9.46.075, 9.46.140, 9.46.153, 9.46.210. WSR 21-16-072, § 230-05-112, filed 7/30/21, effective 8/30/21. Statutory Authority: RCW 9.46.070. WSR 20-08-095, § 230-05-112, filed 3/30/20, effective 4/30/20; WSR 18-05-026, § 230-05-112, filed 2/9/18, effective 5/1/18.]

OTS-3284.1

AMENDATORY SECTION (Amending WSR 20-04-011, filed 1/24/20, effective 2/24/20)

WAC 230-05-160 Charitable or nonprofit organization fees. Bona fide charitable and nonprofit organizations must pay the following fees:

(1) Annual licenses:

License Type	Base License Fee	Gross Gambling Receipts Rate	Maximum Annual License Fee
Amusement games	\$65 plus \$65 per approved location	0.730%	\$1,000
Bingo	\$65	0.460%	\$11,000
Card games - House-banked	\$10,000	1.462%	\$40,000
Card games - Nonhouse-banked	\$65	0.430%	\$1,000
Combination	\$125	-	-
Fund-raising equipment distributor	\$270	1.430%	\$700
Punch board/pull-tabs	\$650	1.430%	\$10,000
Raffles	\$65	3.380%	\$2,000
Raffle - Credit Union	\$65	3.380%	\$2,000
Enhanced raffles	\$5,000	0.430%	\$32,000
<u>Electronic raffles</u>	<u>\$5,000</u>	<u>0.430%</u>	<u>\$32,000</u>

(2) Event licenses or permits:

License Type	Base License Fee	Gross Gambling Receipts Rate	Maximum Annual License Fee
Fund-raising event	\$180	3.130%	\$1,000
Recreational gaming activity	\$65	-	-
Special property bingo/ change of bingo premises	\$30	-	-

(3) Change fees:

Change of:	Fee
Name	\$100
Location	\$100
Fund-raising event location, date, or time	\$50

(4) Other fees:

Transaction	Fee
Add a new amusement game location	\$65
Duplicate license	\$50
Review, inspection, and/or evaluation of gambling equipment, supplies, services, games, or schemes	Deposit and cost reimbursement

[Statutory Authority: RCW 9.46.070. WSR 20-04-011, § 230-05-160, filed 1/24/20, effective 2/24/20; WSR 18-05-026, § 230-05-160, filed 2/9/18, effective 5/1/18.]

OTS-3285.1

AMENDATORY SECTION (Amending WSR 14-21-079, filed 10/13/14, effective 1/1/15)

WAC 230-06-045 Conduct gambling activities on licensed business premises only. (1) Except for raffle and enhanced raffle licensees, all other licensees, including electronic raffle licensees, must conduct all gambling activities (~~(, except for raffles,)~~) on the licensed business premises.

(2) Charitable or nonprofit organizations licensed to conduct bingo and punch board and pull-tab games may sell punch boards and pull-tabs to customers of a licensed card room if the charitable or nonprofit organization:

(a) Shares a common wall with the card room; and

(b) Controls all doors, counters, or windows allowing customer access through the common wall between the two premises and the charitable or nonprofit organization can securely close and lock the doors, counters, or windows; and

(c) Keeps and sells the punch board and pull-tab games and redeems prizes only on their licensed business premises. Punch board and

pull-tab players may take already purchased punch boards and pull-tabs into the card room area; and

(d) Allows only its employees to sell the punch board and pull-tabs; and

(e) Posts signs at the door, window, or counter common to the two business premises that clearly notify customers of the organization's identity.

[Statutory Authority: RCW 9.46.070, 9.46.0277. WSR 14-21-079 (Order 707), § 230-06-045, filed 10/13/14, effective 1/1/15. Statutory Authority: RCW 9.46.070. WSR 06-17-132 (Order 601), § 230-06-045, filed 8/22/06, effective 1/1/08.]

OTS-3303.2

AMENDATORY SECTION (Amending WSR 21-16-072, filed 7/30/21, effective 8/30/21)

WAC 230-06-050 Review of electronic or mechanical gambling equipment. (1) When you are required to submit gambling equipment, supplies, services, or games for our review to verify compliance with chapter 9.46 RCW and Title 230 WAC, you must pay the application deposit before we perform the review. You must also reimburse us for any additional costs of the review. All costs must be paid in full prior to the completion of the review.

(2) The gambling equipment submitted for review must be identical or substantially similar to what will be marketed, distributed, and (~~deployed~~) operated in Washington. If the equipment is not sufficient for testing and review, we may require additional equipment or information.

(3) If your application is incomplete or we request additional information, you must provide us with the required items within thirty days of notification or we may administratively close your application.

(4) You can begin accepting orders for gambling equipment when you are licensed.

(5) Only gambling equipment approved by the director or director's designee is allowed in Washington except as provided under WAC (~~(230-16-005)~~) 230-06-116 and 230-11-305(3).

(6) We may include security or surveillance requirements as part of gambling equipment approval.

(7) Gambling equipment must operate as approved by the director or director's designee.

(8) We may keep equipment submitted for review to allow for continued testing and training as long as the equipment remains in play in Washington. We are not liable for any damage to equipment while in our possession.

(9) If you do not agree with the director or director's designee's decision, you may file a petition for declaratory order with the commission according to RCW 34.05.240 and chapter 230-17 WAC.

[Statutory Authority: RCW 9.46.070, 9.46.075, 9.46.140, 9.46.153, 9.46.210. WSR 21-16-072, § 230-06-050, filed 7/30/21, effective

8/30/21. Statutory Authority: RCW 9.46.070. WSR 19-11-047, § 230-06-050, filed 5/10/19, effective 6/10/19; WSR 14-09-037 (Order 696), § 230-06-050, filed 4/11/14, effective 7/1/14; WSR 07-21-116 (Order 617), § 230-06-050, filed 10/22/07, effective 1/1/08; WSR 06-17-132 (Order 601), § 230-06-050, filed 8/22/06, effective 1/1/08.]

OTS-3286.1

AMENDATORY SECTION (Amending WSR 20-08-095, filed 3/30/20, effective 4/30/20)

WAC 230-07-090 Keeping and depositing all gambling funds separate from other funds. Charitable or nonprofit licensees must protect all funds generated from gambling activities and keep these funds separate from their general funds.

(1) Licensees must:

(a) Keep a separate gambling receipts account(s) in a recognized Washington state bank, mutual savings bank, or credit union; and

(b) Deposit only gambling receipts into that account. Licensees may deposit receipts from nongambling activities operated in conjunction with bingo games into the gambling receipts account if the licensee keeps detailed receipting records of the nongambling receipts; and

(c) Deposit all gambling receipts first into the account before spending or transferring them into other accounts, except for prize pay outs; and

(d) Deposit funds received from commercial amusement game operators operating amusement games on their premises in the licensee's gambling receipts account no later than the second banking day after they receive the receipts; and

(e) Make all deposits of net gambling receipts from each activity separately from all other deposits, and keep the validated deposit receipt as a part of their records. Deposit receipts are a part of the applicable daily or monthly records and licensees must make them available for our inspection; and

(f) Deposit all net gambling receipts which they are holding, pending pay out:

(i) From bingo, no later than the second banking day after they receive them. Licensees may withhold bingo receipts from deposits for "jar," "pig," or other special game prizes if the total of all such prize funds does not exceed two hundred dollars, enter the amount withheld each session in the bingo daily record, and record the reconciliation of the special game fund on the bingo daily record. "Reconcile" means the licensee must compare the two balances, resolve any differences, and document the comparison and the differences in writing. Licensees must keep the reconciliation as part of their records; and

(ii) From raffles, excluding electronic raffles, at least once a week. This includes those raffles:

(A) With gross gambling receipts over fifty thousand dollars in their initial year;

(B) With gross gambling receipts over fifty thousand dollars in their previous license year; and

(C) Offering prizes that require approval per WAC 230-11-067; and

(iii) From electronic raffles within two banking days of the drawing date; and

(iv) From amusement games with gross gambling receipts over fifty thousand dollars in their previous license year, at least each week; and

~~((iv))~~ (v) From punch board and pull-tabs, including cost recovery for merchandise prizes awarded, no later than two banking days after they remove the board or series from play; and

(g) Record the Washington state identification number assigned to the punch board or pull-tab series and the amount of net gambling receipts on the deposit slip/receipt. Licensees may record the number and the receipts on a separate record if they record the bank validation number and maintain the record with the deposit slip/receipt; and

(2) These requirements do not apply to organizations who:

(a) Conduct only one or more of the following activities:

(i) Raffles under the provisions of RCW 9.46.0315;

(ii) Bingo, raffles, or amusement games under the provisions of RCW 9.46.0321;

(iii) Bingo, raffle, and amusement game licensees with gross gambling receipts of fifty thousand dollars or less in their previous license year, excluding electronic raffles; and

(b) Do not have any other license(s) from us.

[Statutory Authority: RCW 9.46.070. WSR 20-08-095, § 230-07-090, filed 3/30/20, effective 4/30/20; WSR 18-05-029, § 230-07-090, filed 2/9/18, effective 7/1/18; WSR 07-10-032 (Order 609), § 230-07-090, filed 4/24/07, effective 1/1/08.]

AMENDATORY SECTION (Amending WSR 18-05-029, filed 2/9/18, effective 7/1/18)

WAC 230-07-125 Recordkeeping requirements for lower volume charitable or nonprofit organizations. (1) Organizations operating without a license under RCW 9.46.0315 or 9.46.0321 and lower volume charitable or nonprofit licensees must keep a set of permanent monthly records of the gambling activities. Lower volume licensees include:

(a) Fund-raising events;

(b) Bingo with gross gambling receipts of one hundred fifty thousand dollars or less in their previous license year;

(c) Raffles, excluding electronic raffles, with gross gambling receipts of fifty thousand dollars or less in their previous license year;

(d) Amusement games with gross gambling receipts of fifty thousand dollars or less in their previous license year; and

(e) Nonhouse-banked card games.

(2) The monthly records must include, at least:

(a) The gross gambling receipts from each activity;

(b) The gross gambling receipts from group 12 amusement games;

(c) The total amount of cash prizes actually paid out;

(d) The total of the cost to the licensee of all merchandise prizes actually paid out for each activity;

(e) A summary of all expenses related to each of the activities;

and

(f) The net income received from the activity, the purpose(s) for which the net income was raised, and the amount paid to each recipient.

(3) Licensees must keep these records for three years from the end of the license year for which the record was created.

(4) Organizations operating under RCW 9.46.0315 or 9.46.0321 must maintain their records for one year.

[Statutory Authority: RCW 9.46.070. WSR 18-05-029, § 230-07-125, filed 2/9/18, effective 7/1/18. Statutory Authority: RCW 9.46.070, 9.46.0201. WSR 16-22-049, § 230-07-125, filed 10/28/16, effective 11/28/16. Statutory Authority: RCW 9.46.070. WSR 07-10-032 (Order 609), § 230-07-125, filed 4/24/07, effective 1/1/08.]

AMENDATORY SECTION (Amending WSR 10-09-021, filed 4/13/10, effective 7/1/10)

WAC 230-07-145 Reporting annual progress. Charitable or non-profit licensees in Groups III, IV, ~~((and))~~ V, and electronic raffle licensees must report annually their progress toward meeting their stated purpose in the format we prescribe.

(1) The report must explain the type and scope of activities which licensees conducted during their last annual fiscal accounting period; and

(2) The report must include, at least:

(a) A brief history of the licensed organization, including its stated charitable or nonprofit purpose(s); and

(b) A written statement setting out their goals for meeting their stated charitable or nonprofit purpose(s) in the future; and

(c) The number of full and regular members; and

(d) A list of contributions, scholarships, grants, or sponsorships made during the period. This list must include:

(i) The name of each organization or individual receiving a contribution from the licensee. The licensee may use the phrase "individual contribution" in place of the recipient. If the recipient is not named in the report, the licensee must maintain records to verify and identify the recipient of each individual contribution; and

(ii) Whether funds awarded were from gambling income or other funds;

(e) Gross income from all nongambling activities and the source of the income; and

(f) The revenue and expenses for any nongambling sales activities, presented separately, when conducted primarily in conjunction with gambling activities; and

(g) Total expenses for both charitable or nonprofit services; and

(h) The percentage or extent to which the licensee used net gambling income for charitable as distinguished from nonprofit purposes; and

(i) The details of any loans, contracts, or other business transactions with related parties that accumulatively exceed one thousand dollars during the period. "Related parties" means officers, board members, key employees, or members of the licensed organization, including direct relatives of each; and

(3) The report must be submitted no later than one hundred twenty days following the end of the organization's fiscal year.

(4) We may grant an organization additional time to submit the report if a written request is received before the due date. The president of the organization must sign any request for additional time and include a statement explaining the hardship causing the delay, and the expected date the required report(s) will be submitted.

[Statutory Authority: RCW 9.46.070. WSR 10-09-021 (Order 666), § 230-07-145, filed 4/13/10, effective 7/1/10; WSR 07-10-032 (Order 609), § 230-07-145, filed 4/24/07, effective 1/1/08.]

AMENDATORY SECTION (Amending WSR 08-11-037, filed 5/14/08, effective 7/1/08)

WAC 230-07-150 Financial statements required for Groups III, IV, ((and)) V, and electronic raffle licensees. (1) In addition to information required in WAC 230-07-145, charitable or nonprofit licensees in Groups III, IV, ((and)) V, and electronic raffle licensees must also submit complete financial statements prepared in accordance with generally accepted accounting principles (GAAP).

(2) Licensees in Groups IV and V must have the financial statements prepared by an independent certified public accountant.

(3) The statements and all required disclosures or footnotes no later than one hundred twenty days following the end of the licensee's fiscal year.

(4) The financial statements must include:

(a) A statement of financial position;

(b) A statement of activities. This statement may be presented in a consolidated form if licensees provide the details of each component as supplemental information. Licensees must present revenue and expenses for each activity separately as follows:

(i) Each gambling activity; and

(ii) Retail sales conducted in conjunction with gambling activities;

(c) A statement of cash flows;

(d) A statement of functional expenses;

(e) In addition to all disclosures required by GAAP, the financial statements must disclose the following:

(i) Loans to or from officers, board members, and employees: We will not consider employee salary advances of five hundred dollars or less as loans. Details of all terms, including interest rates and payment schedules, must be disclosed;

(ii) All civil penalties, fines, bribes, or embezzlements incurred or discovered during the period; and

(iii) An explanation of any adjustments made to prior period capital accounts or net asset balances;

(f) An explanation of material differences between amounts reported on gambling activity reports and the financial statements.

(5) We may require additional information to ensure completeness of the information reported.

(6) We may grant an organization additional time to submit the information required if a written request is received before the due date. The president of the organization must sign any request for additional time and include a statement explaining the hardship causing the delay, and the expected date the required report(s) will be submitted.

[Statutory Authority: RCW 9.46.070 and 34.05.353. WSR 08-11-037 (Order 626), § 230-07-150, filed 5/14/08, effective 7/1/08. Statutory Authority: RCW 9.46.070. WSR 07-10-032 (Order 609), § 230-07-150, filed 4/24/07, effective 1/1/08.]

OTS-3287.3

AMENDATORY SECTION (Amending WSR 13-19-056, filed 9/16/13, effective 10/17/13)

WAC 230-11-002 The definition of raffle as used in this chapter. "Raffle" as used in this chapter means raffle as defined in RCW 9.46.0277 and enhanced raffle as defined in ((section 1, chapter 310, Laws of 2013)) RCW 9.46.0323.

[Statutory Authority: RCW 9.46.070 and 9.46.0209. WSR 13-19-056 (Order 692), § 230-11-002, filed 9/16/13, effective 10/17/13.]

ELECTRONIC RAFFLE SYSTEMS

NEW SECTION

WAC 230-11-300 Definitions. The following definitions apply to electronic raffles:

(1) "Electronic raffle" means a licensed raffle, as defined in RCW 9.46.0277, that uses an electronic raffle system for sales, accountability, and printing of tickets. Electronic raffles must only be conducted during a home game of a qualified sports team. The total prize amount must be one half (i.e., 50 percent) of the gross gambling receipts collected from the sale of raffle tickets. If deducting expenses prior to prize calculation, only actual, documented expenses up to \$2,000.00 may be deducted per raffle. Only electronic raffle licensees are authorized to conduct electronic raffles.

(2) "Home game" means a live sports event held in Washington state that is designated as a home game in an official schedule distributed by the league of a qualified sports team at a home game authorized location.

(3) "Home game authorized location" means a sports facility where spectators gather within an arena or stadium where the home game is being conducted and where a home game ticket is required for admission. This does not include ancillary areas, buildings, or facilities, such as parking areas or areas where a ticket is not required for entry.

(4) "Electronic raffle system" means the system that connects to and consists of servers located in the home game authorized location, associated network equipment, software, raffle sales units, raffle ticket printers, and related equipment used by an electronic raffle licensee to generate and account for the sale of raffle tickets.

(5) "Raffle sales unit" means a portable, remote hard-wired connected device, or an attendant operated station that is used as a point of sale for raffle ticket sales. Raffle sales units can only use a closed network with no access to the internet to conduct raffle ticket sales within the home game authorized location except for credit card transactions as authorized in WAC 230-11-310.

(6) "Manual draw" or "drawing" means the method used for the selection of a raffle ticket to determine the raffle winner. A manual draw requires the winning raffle ticket be hand-picked from the receptacle that contains every raffle ticket sold and provides an equal chance for every ticket to be selected.

(7) "Raffle ticket" means a ticket generated by the electronic raffle system that is placed in a receptacle for the manual draw to determine the winner of the raffle prize.

(8) "Raffle ticket number" means the unique number recorded on every raffle ticket and raffle ticket receipt.

(9) "Raffle ticket receipt" means a printed receipt and record of entry into an electronic raffle provided to the participant which contains the raffle ticket number and a unique validation number and/or barcode information.

(10) "Unique validation number" or "barcode information" means a number or barcode generated by the electronic raffle system as a secondary means of verifying the raffle ticket is legitimate.

[]

NEW SECTION

WAC 230-11-305 Electronic raffle system standards. (1) Electronic raffle system manufacturers must submit an application and deposit for our review as outlined in WAC 230-06-050 prior to electronic raffle systems being authorized for operation in this state.

(2) Under WAC 230-06-050, as part of the application process, the manufacturer must provide a letter from an independent testing laboratory licensed by us certifying that the electronic raffle system was tested and was found to be compliant with Gaming Laboratories International's GLI-31: Standards for Electronic Raffle Systems, and all laws and rules relating to electronic raffles prior to the electronic raffle system being brought into this state.

(3) The electronic raffle system will be tested for approval under WAC 230-06-050 at the home game authorized location. This will also apply to any changes made to the electronic raffle system after initial approval.

(4) An application and deposit under WAC 230-06-050, along with an updated letter from an independent testing laboratory certifying compliance, must be submitted to us prior to installing any changes to the electronic raffle system. Changes will be tested by us within five days of installation.

[]

NEW SECTION

WAC 230-11-310 Electronic raffle system requirements. The electronic raffle system must be approved by us prior to operation and must:

- (1) Operate on a secure network independent from the home game authorized location network. This network must be a closed network with no connection to outside components or systems. The only exceptions to the closed network include remote access as outlined in WAC 230-16-153, credit card transactions as authorized in WAC 230-06-035, and prize display communication to a screen(s) in the home game authorized location which will only occur during the live electronic raffle; and
- (2) Ensure security for all communications and data to prevent unauthorized access and raffle information manipulation. These security measures should include, but are not limited to, current encryption standards for critical information, isolation from public networks, and use of firewalls; and
- (3) Have a way to independently identify the software version and signature to verify the firmware or software operating on the electronic raffle system; and
- (4) Not allow for raffle sales to be conducted via the internet; and
- (5) Be located, stored, and secured at the home game authorized location to prevent unauthorized access at all times; and
- (6) Be accessed only by the electronic raffle licensee and licensed manufacturer; and
- (7) Be overseen and supervised by a qualified member or volunteer who can address technical problems before, during, and after the manual drawing and who can provide technical support for the networks and electronic raffle system; and
- (8) Require each user to sign in using a unique identification or username and password that is not shared with other users and limit user access permissions to only those which are essential to perform their duties; and
- (9) Log all user activity and communicate and log all significant events; and
- (10) Save critical data should the following occur: System failure, power failure, or power interruption; and
- (11) Have a method for verifying valid winning ticket; and
- (12) Print all raffle tickets sold for a manual drawing. Automatic drawings, such as the use of a random number generator, are not authorized; and
- (13) Print unique raffle ticket numbers. Numbers may not be duplicated; and
- (14) Print one raffle number per ticket; and
- (15) Print tickets of equal size and shape to give each ticket an equal opportunity to be drawn.

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NEW SECTION

WAC 230-11-315 Access to home game authorized locations for electronic raffles. We must be allowed access to:

- (1) Home game authorized location before, during, and after an electronic raffle; and
- (2) Records; and
- (3) Restricted areas controlled by the electronic raffle licensee.

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CONDUCTING AN ELECTRONIC RAFFLE

NEW SECTION

WAC 230-11-320 Electronic raffle operating requirements. Electronic raffle licensees must:

- (1) Ensure the electronic raffle system and all other equipment used to conduct the raffle is functioning properly and fully operational by testing it using the form, prescribed by us, prior to each electronic raffle. If issues are identified, electronic raffle licensees must notify the licensed gambling manager immediately. If the issues cannot be resolved, the licensee must not conduct the electronic raffle; and
- (2) Ensure that if any of the components of the electronic raffle system, such as the raffle sales unit, printers, or associated network, fail to function properly prior to or during the sale of any raffle ticket, they must notify us within 24 hours; and
- (3) Hold only one raffle per home game; and
- (4) Ensure that prior to the sale of raffle tickets, all members or volunteers assisting in operating the electronic raffle and equipment are trained to operate any equipment necessary to carry out their assigned duties and are fully informed of all pertinent laws and rules associated with electronic raffles; and
- (5) Ensure a sufficient number of trained personnel are present to fulfill at least the following duties such as raffle ticket sales, count and reconciliation, manual draw, and electronic raffle system management; and
- (6) Ensure the time during which the raffle tickets will be sold for each electronic raffle are established and posted; and
- (7) Provide members and volunteers sufficient time to ensure that all sales reconciliation and eligible raffle ticket verification can be completed prior to the manual draw; and
- (8) Not sell raffle tickets earlier than when spectators are allowed entry; and
- (9) Not print raffle tickets before they are sold; and
- (10) Ensure all ticket sales are final; and
- (11) Not change ticket prices after the first ticket is sold; and
- (12) Sell raffle tickets using a raffle sales unit operated by authorized ticket sellers; and
- (13) Reconcile cash to raffle ticket transactions in a secure location within the home game authorized location; and

(14) Determine gross gambling receipts and the prize amount and announce to the public the prize amount prior to the drawing; and

(15) Have at least one qualified member or volunteer overseeing the raffle ticket printers at all times who can address any technical problems; and

(16) Ensure the manual drawing is completed before the end of the home game; and

(17) Have a member or volunteer of the electronic raffle licensee draw the winning raffle ticket with the licensed gambling manager present; and

(18) Video record the entire manual draw process and retain the recording with the required records.

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NEW SECTION

WAC 230-11-325 Internal controls for electronic raffles. Electronic raffle licensees must:

(1) Submit internal controls to us in the format we require for review and approval; and

(2) Follow internal controls at all times; and

(3) Make internal controls available to all members and volunteers for their individual functions; and

(4) Ensure that all members and volunteers follow internal controls.

[]

NEW SECTION

WAC 230-11-330 Supervision of electronic raffles. (1) Electronic raffle licensees must designate one or more licensed gambling managers to oversee each electronic raffle.

(2) At least one licensed gambling manager must be on-site during the operation of the electronic raffle and observe the manual drawing.

(3) Only members or volunteers who are supervised by a licensed gambling manager can restart a raffle sales unit or otherwise adjust any associated network equipment for any reason.

[]

NEW SECTION

WAC 230-11-335 Wearing nametags. Anyone participating in the management or operation of an electronic raffle must wear a nametag. The nametag must:

(1) Be provided by the electronic raffle licensee; and

(2) Display at least the person's first name; and

(3) Display the electronic raffle licensee's name; and

(4) Be clear and visible.

[]

NEW SECTION**WAC 230-11-340 Provide rules to electronic raffle participants.**

Electronic raffle licensees must post rules at stationary point of sales locations and on their website. In addition, rules must be made available from ticket sellers. Raffle rules must include at least the following:

- (1) The cost of each ticket including discount levels; and
- (2) Prize calculation including whether expenses are deducted from the prize calculation; and
- (3) Time the ticket sales will begin and end; and
- (4) Time of the drawing; and
- (5) Disclosure stating the participant is not required to be present to win the prize; and
- (6) Details of where the winning ticket number will be displayed on the licensee's website; and
- (7) Information about how to claim the electronic raffle prize and any restrictions including the time limit to claim the prize; and
- (8) Name of the electronic raffle licensee conducting the raffle; and
- (9) The statement, "If you or someone you know has a gambling problem, call the Washington State Problem Gambling Helpline at 1-800-547-6133 for confidential help 24 hours a day."; and
- (10) Any additional information we request.

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NEW SECTION**WAC 230-11-345 Electronic raffle prize payout requirements.**

Electronic raffle licensees must comply with the following prize payout requirements:

- (1) Post and announce the winning raffle ticket at the home game authorized location; and
- (2) Ensure only actual expenses up to a maximum of \$2,000.00 are deducted from prize payouts. Actual expenses:
 - (a) Include equipment costs and supplies; and
 - (b) Must be documented in the format we require; and
- (3) Require the winner to present the raffle ticket receipt for verification; and
- (4) Ensure the winning raffle ticket number matches the raffle ticket receipt; and
- (5) Verify the winning raffle ticket was not voided; and
- (6) Post the winning raffle ticket number on the electronic raffle licensee's website within 48 hours of the drawing and for the duration of the redemption period or until the prize is paid, whichever occurs first; and
- (7) Verify and record the winner's identity and record the prize amount in the format we prescribe; and

(8) Pay prizes within 24 hours after notification and verification of the winning raffle ticket; and

(9) If the winner does not claim the prize at the home game, the licensee must allow a minimum of 30 days from the date of the drawing for winners to claim prizes. Prizes not claimed within the disclosed time period will become the licensee's proceeds.

[]

NEW SECTION

WAC 230-11-350 Raffle drawing postponement. If for any unforeseen reason (e.g., weather delay, power outage, or other reasonably unforeseen event) the electronic raffle is not completed on the day of the home game at which the raffle tickets are sold, the manual drawing of the winning raffle ticket must be completed the first business day when normal business operations resume. No additional raffle tickets may be sold after the unforeseen event occurs, only the manual draw may take place. Notice of the winning raffle ticket number must be posted on the electronic raffle licensee's website.

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NEW SECTION

WAC 230-11-355 Joint raffles prohibited. Electronic raffle licensees are not permitted to conduct joint raffles as outlined in WAC 230-11-012.

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ELECTRONIC RAFFLE TICKET REQUIREMENTS

NEW SECTION

WAC 230-11-360 Raffle ticket requirements. Raffle tickets must include the following information:

- (1) Name of the electronic raffle licensee; and
- (2) Raffle ticket number; and
- (3) Unique validation number or barcode information; and
- (4) Purchase date and time (in 24 hour format showing hours and minutes).

[]

NEW SECTION

WAC 230-11-365 Raffle ticket receipt requirements. Raffle ticket receipts must include the following information:

- (1) Name and contact information of the electronic raffle licensee; and
- (2) Raffle ticket number(s); and
- (3) Unique validation number or barcode information; and
- (4) Raffle sales unit identifier; and
- (5) Date and time issued; and
- (6) Total cost and quantity; and
- (7) Website where the electronic raffle rules are available and winning raffle ticket number will be posted; and
- (8) The statement, "Ticket holders need not be present to win."; and
- (9) Date the prize must be claimed by.

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SELLING ELECTRONIC RAFFLE TICKETSNEW SECTION

WAC 230-11-370 Authorized ticket sellers. (1) Only members of the electronic raffle licensee and volunteers under the supervision of a member, who are least 18 years old, may sell raffle tickets.

(2) Electronic raffle licensees must not pay members or volunteers for selling tickets or managing or operating the electronic raffle unless the person is a full-time or part-time employee of the electronic raffle licensee with duties other than selling electronic raffle tickets or managing or operating electronic raffles.

(3) Electronic raffle licensees may provide members or volunteers with noncash incentives for selling tickets if the licensee:

- (a) Bases the incentives on the number of raffle tickets sold; and
- (b) Gives incentives that do not exceed five percent of the gross gambling receipts of the raffle; and
- (c) Maintains a record of the name, address, and telephone number of each person and a description of each incentive they receive. This record should be made available upon our request.

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NEW SECTION

WAC 230-11-375 Restrictions on ticket sales. (1) Electronic raffle licensees must sell tickets for the electronic raffle for the same price unless offering an authorized discount plan; and

- (2) Electronic raffle licensees must not:
 - (a) Sell tickets via the internet; and
 - (b) Sell tickets outside of the home game authorized location;

and

- (c) Require anyone to purchase more than one raffle ticket; and
- (d) Give away raffle tickets; and
- (e) Allow members or volunteers to purchase raffle tickets for the event they work.

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NEW SECTION

WAC 230-11-380 Selling tickets at a discount. Electronic raffle licensees may sell raffle tickets at a discount if they:

- (1) Use discount levels identified in internal controls; and
- (2) Do not change the discount levels during the electronic raffle; and
- (3) Offer only discount levels based on the number of tickets sold. Promotional discounts based on other criteria are not allowed; and
- (4) Use up to no more than four discount levels for each electronic raffle; and
- (5) Account for and document the number of raffle tickets sold at each price point and discount level.

[]

RECORDKEEPING REQUIREMENTS FOR ELECTRONIC RAFFLESNEW SECTION

WAC 230-11-385 Recordkeeping requirements for electronic raffles. (1) Electronic raffle licensees must complete records, in the format we prescribe, for each raffle within 72 hours after each drawing; and

- (2) Licensees must record all data in ink, on storage media, or in other permanent form; and
- (3) Print, or back up in a permanent form, all the original sales data supporting the raffle drawing; and

- (4) Separately maintain the drawing's printed raffle tickets for a minimum of 30 days or until the prize is awarded, whichever is greater; and
- (5) Keep all winning tickets; and
- (6) Keep the video recording of each drawing; and
- (7) Keep the test form we prescribe for each electronic raffle; and
- (8) Keep any and all electronic raffle system reports listed in GLI-31; and
- (9) Retain all invoices or receipts for raffles prizes and expenses.

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NEW SECTION

WAC 230-11-390 Electronic raffle—Monthly records. Electronic raffle licensees must maintain accounting records as required in WAC 230-07-130. In addition, electronic raffle licensees must keep a set of permanent monthly records of electronic raffle activity to include at least:

- (1) The drawing date; and
- (2) Gross receipts; and
- (3) Prizes paid; and
- (4) Net income; and
- (5) Documentation of expenses; and
- (6) Documentation of how the proceeds were used; and
- (7) Cash over/short.

[]

NEW SECTION

WAC 230-11-395 Keeping and making records available. Electronic raffle licensees must:

- (1) Keep required, completed records from electronic raffles for at least three years from the end of the license year for which the records were completed; and
- (2) Retain records at the main administrative or business office of the electronic raffle licensee located in Washington state and have the records available for our review or audit.

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OTS-3288.1

NEW SECTION**WAC 230-16-153 Remote access of electronic raffle systems.**

Electronic raffle systems may be accessed remotely, at any time, only by a licensed representative of the manufacturer of the equipment for repair, troubleshooting, or technical support under the following provisions:

- (1) In order to be approved to remotely access the electronic raffle system, the manufacturer must:
 - (a) Submit an application and documentation as required in WAC 230-06-050; and
 - (b) Have the remote access solution tested. This may be done by:
 - (i) Submitting and transporting a working model of the remote access solution and related documentation, in the format we require, to us for testing and approval; or
 - (ii) Have the remote access solution tested on-site by us; and
- (2) For the purpose of continued monitoring, we may retain a working model or components after approval for as long as the remote access solution is in use in the state; and
- (3) The manufacturer must notify and receive approval from the electronic raffle licensee before remotely accessing the electronic raffle system for the reasons outlined above; and
- (4) The manufacturer must notify us within 24 hours after the remote access has occurred; and
- (5) The remote access must occur using a dedicated and secure communication protocol or application utilizing encryption such as a virtual private network (VPN); and
- (6) The remote access must only be conducted through a laptop or computer owned and issued by the manufacturer and must meet the following requirements:
 - (a) Employ full disk encryption; and
 - (b) Have a mechanism to detect and prevent installation of spyware, key loggers, hacking tools, or other malicious software; and
 - (c) Have current updated antivirus software; and
 - (d) Employ active firewall software; and
 - (e) Be conducted in a secure location where only the manufacturer or licensed representatives can be present while accessing the electronic raffle system remotely; and
- (7) All remote access to the electronic raffle system must use multifactor authentication; and
- (8) The communication must pass through at least one application-level firewall and not have the ability to allow for an alternate network path; and
- (9) Remote access shall only be enabled for the duration of repair, troubleshooting, or technical support and the connection terminated immediately after; and
- (10) Security standards for the remote access must be at least equivalent to commonly accepted national and international best practices for IT security such as National Institute of Science and Technology (NIST) standards as they currently exist or may be amended in the future; and
- (11) An electronic log shall be maintained by the electronic raffle system for documentation and audit purposes and must include the following information about all remote access to the electronic raffle system:
 - (a) Name and license number of manufacturer representative that accessed the system; and

- (b) Time and date the connection was made; and
- (c) Duration of the connection; and
- (d) Reason for the remote access; and
- (e) Any action taken, or further action required; and

(12) The manufacturer must disable access for an employee that is no longer with the company within 24 hours of termination.

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